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Daily Report

Annex

East Asia

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East Asia
ANNEX

FBIS-EAS-92-169-A CONTENTS *31 August 1992*

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ANNEX

Japan

U.S. Urges Liberal Arms Technology Transfer *[NIHON KEIZAI SHIMBUN 31 Aug]* .... 1 — ii
Tokyo To Raise NAFTA Fears to U.S., Canada *[NIHON KEIZAI SHIMBUN 31 Aug]* .... 1 — ii
Reportage on Yeltsin's Upcoming Visit .... 2 — iii
  Yeltsin Aide Cites Main Issues *[NIHON KEIZAI SHIMBUN 30 Aug]* .... 2 — iii
  Members of Entourage Listed *[YOMIURI SHIMBUN 29 Aug]* .... 3 — iv
Russia Seeks Aid in Converting Nuclear Materials *[NIHON KEIZAI SHIMBUN 30 Aug]* .... 3 — iv
German Research Minister on Aid to CIS *[NIHON KEIZAI SHIMBUN 28 Aug]* .... 4 — v
Emperor Expected To Avoid Apology on PRC Visit *[MAINICHI SHIMBUN 30 Aug]* .... 4 — v
Finance Ministry Actively To Promote Imports *[NIHON KEIZAI SHIMBUN 31 Aug]* .... 5 — vi
MITI Tax System Expected To Encourage Imports *[NIHON KEIZAI SHIMBUN 28 Aug]* .... 5 — vi
MITI Expects 'Pump-Priming' To Increase Imports *[NIHON KEIZAI SHIMBUN 30 Aug]* ... 5 — vi
Fair Trade Commission Chairman Discusses Policy *[NIKKEI BUSINESS 15 Jun]* .... 6 — vii
FTC Closely To Monitor Oligopolistic Firms *[NIHON KEIZAI SHIMBUN 28 Aug]* .... 9 — 46
Keidanren Head on Economic Stimulus Package *[NIHON KEIZAI SHIMBUN 29 Aug]* .... 9 — 46
Sci-Tech Agency To Launch Space Experiments *[NIHON KEIZAI SHIMBUN 31 Aug]* .... 10 — 47
Sci-Tech Agency To Set Up Advisory Committee *[NIHON KEIZAI SHIMBUN 31 Aug]* .... 11 — 48
Ties Between Labor Unions, Politics Studied *[YOMIURI SHIMBUN 27 Aug]* .... 11 — 48
Reportage on Resignation of LDP's Kanemaru .... 12 — 49
  Expected To Affect DPRK Talks *[TOKYO SHIMBUN 28 Aug]* .... 12 — 49
  Editorial Cites Lack of Reform *[YOMIURI SHIMBUN 28 Aug]* .... 12 — 49
  Editorial Underlines Ethics *[MAINICHI SHIMBUN 28 Aug]* .... 13 — 50
  Editorial Blames 'Money Politics' *[ASAHI SHIMBUN 29 Aug]* .... 14 — 51

Japan

U.S. Urges Liberal Arms Technology Transfer

OW3108031592 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Aug 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom database]

[Text] It has been disclosed that the U.S. Government has unofficially asked the Japanese Government to review the "agreement on details for implementation" of the framework for transferring Japanese arms technology to the United States.

Within the existing framework, the United States must obtain Japan's "prior approval" if it intends to transfer Japanese technology to third nations. The United States now wants this condition removed so that it can transfer technology based on its own independent judgment. In seeking this review, the United States wants greater freedom to use advanced Japanese technology obtained through such projects as the Japan-U.S. joint development of the next-generation support fighters (FSX) for the Air Self-Defense Force.

The Japanese Government has indicated it sees a difficulty in granting such a request because it would probably violate the three principles of arms export bans which it advocates [to communist countries; nations to which arms sales are prohibited by the United Nations; and countries involved or likely to be involved in international military conflicts]. Depending on the U.S. approach, this issue may become a serious political issue between Tokyo and Washington.

A Japanese Government source indicated that "no matter what the result of the presidential election, it is certain the United States will make a strong request at a high-level meeting at the start of the new administration." There is a strong probability that the U.S. will bring up the issue at the regular Japan-U.S. consultations on equipment and technology at the bureau-chief level when the Defense Agency [DA] and the Department of Defense [DOD] hold a scheduled meeting in Washington in late September.

The U.S. Government is seeking liberalization of technology transfer to third nations because it feels strongly that "the existing regulation concerning prior approval constitutes an obstacle to the transfer of Japanese technology." Since the agreement on details for implementation was concluded in 1985, Japan has approved only five requests for technology transfer to the U.S., including FSX-connected technology.

A DA source said "technology transfer has been conducted in a positive way whenever requests are made, but not many requests have been made so far." The U.S. side, though, has unofficially indicated its strong dissatisfaction by saying: "Since strict regulations are set on technology transfer to third nations, there is only a limited range of utilization. We have not, therefore, felt at all encouraged to make such requests."

Among the advanced technologies the U.S. has indicated special interest in, there is the monobloc building technology using complex materials for the main wings of aircraft, which Japan has independently developed in constructing the FSX. There is also active-phased array radar, which is capable of catching multiple targets simultaneously. It is expected that once the U.S. has obtained such technologies from Japan, it will use them in developing its next-generation of fighters and improving existing aircraft, and will then sell them to third nations such as its NATO allies. The U.S. seems to regard the "prior approval" regulation on transfer to third nations as a major obstacle to this plan.

Viewed in the medium and long term, this issue also involves the system of Global Protection Against Limited Strike (GPALS) that the U.S. Government has started to develop. The U.S. Government has also unofficially sounded out Japan on the possibility of its participation, and its attention is particularly focused on the next-generation intermediate surface-to-air missiles (new intermediate SAMs), which can be used as one of the theater missiles constituting the nucleus of the GPLAS project. A view within the Japanese Government that has surfaced is that "since the U.S. feels there is also the possibility of introducing Japanese technology into the GPALS project, and it anticipates that the regulation on transfer to third nations may become an issue, it is now attempting to make the first move."

Based on the official view of supporting the maintenance of the Japan-U.S. security system, arms technology has been transferred to the United States as a special exception to the three principles on arms export bans. If the transfer to third nations is liberalized, there will be a major change in the nature of the framework for arms technology transfer to the United States. Since the three principles will then be watered down, the Japanese Government has indicated the difficulty it sees in granting the request to review the agreement.

In this connection, a working-level "special Japanese-U.S. committee on exchanges of arms technology" composed of DA and DOD officials was set up in April. The committee aims to control the situation through the promotion of dialogue and by such efforts as the proposal to start the so-called defense version of the "Structural Impediment Initiative" talks. At such talks time could be spent on promoting understanding of policies and domestic mechanisms in both Japan and the United States.

Tokyo To Raise NAFTA Fears to U.S., Canada

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[Text] The Japanese Government will express its concern about the North American Free Trade Agreement

II

[NAFTA] to the U.S. and Canada at the fourth Asian-Pacific Economic Cooperation conference (APEC) to be held in Bangkok on 10-11 September. Tokyo feels the accord is strongly protectionist and that it is highly probable the agreement runs counter to GATT regulations by reinforcing, for instance, the rules regarding country of origin.

Other countries in Southeast Asia have also developed a strong sense of caution toward NAFTA, feeling that "the agreement is likely to trigger the creation of economic blocs". Evaluation of the agreement has therefore emerged as the likely focus of the forthcoming APEC meeting. There is also the possibility there will be calls from such countries as Malaysia for the formation of an independent regional economic bloc to confront NAFTA.

At APEC, which aims to promote trade in the Pacific rim, the issue of trade liberalization among the 15 member nations and in the region will be one of the major discussion topics. Japan will take up the issue of NAFTA, as it was agreed among the United States, Canada, and Mexico on 12 August, asking for details from APEC member nations U.S. and Canada on how the accord will abolish customs duties and its rules on the country of origin.

Clause 24 of GATT's regulations on free trade blocs forbids enhanced trade barriers against countries not included in the free trade zone. NAFTA pledges an increase in the local procurement content rate for automobiles. This rate provides the guideline for determining whether or not a certain product is regarded as having been manufactured in the region. Tokyo feels that "there are definitely parts [of the agreement] which contravene GATT's regulations" (according to a Ministry of International Trade and Industry source) and it will voice these misgivings to the United States and Canada and ask for changes. Japan also plans to appeal for a reaffirmation of APEC's principles, which aim at the creation of an open, regional, cooperative structure without any form of discrimination against countries outside the region.

It also seems likely there will be misgivings from other countries in Southeast Asia to the effect that "it will become difficult for them to take part in the North American market with the aggravation of competition with Mexico, a signatory to NAFTA."

Countries such as the Republic of Korea, Thailand, Malaysia, China, and Indonesia, which are competing with Mexico in the supply of home electrical appliances and textile products, are increasingly dissatisfied and will call for an explanation from the United States and Canada at the APEC talks.

In addition, Malaysia has previously advocated the creation of a regional bloc in east Asia which would exclude the United States and it is possible that opposition to NAFTA will give impetus to Malaysia's suggestion. Japan intends to request in the strongest terms the repeal of NAFTA's discrimination against countries outside the region, a move partly prompted by the desire to contain moves by Malaysia to create an economic bloc in Asia.

Reportage on Yeltsin's Upcoming Visit

Yeltsin Aide Cites Main Issues

OW3008054992 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Aug 92 Morning Edition—FOR OFFICIAL USE ONLY

[Report on an interview with Russian presidential aide Ilyushin by correspondent Tamura in Moscow—date not given; received via Nikkei Telecom Database]

[Text] Moscow, 29 August—In an interview with NIHON KEIZAI SHIMBUN, Victor Ilyushin, a top aide to the Russian president, disclosed President Boris Yeltsin's plans during his visit to Japan in mid-September. Concerning the northern territorial dispute—a major issue expected to be discussed during Yeltsin's visit to Japan, Mr. Ilyushin said the president would insist on his five-stage program for the settlement of the dispute while placing priority on establishing "cooperative relations in business fields" between the two nations through mainly economic cooperation. Mr. Ilyushin also said that Russia considered Yeltsin's planned visit to Japan as a start for Russian diplomacy toward Asia and hoped to promote cooperation in various fields with nations in the Asian-Pacific region, including Southeast Asian countries and Australia.

Mr. Ilyushin will visit Japan with President Yeltsin as a member of the Russian delegation. He is responsible for coordinating Russia's opinions in a series of consultations with the Japanese side, to be held during Japanese Foreign Minister Michio Watanabe's visit to Russia, Russian Foreign Minister Andrey Kozyrev's visit to Japan, and President Yeltsin's Japan visit. Referring to the territorial issue, Mr. Ilyushin said: "We hope Japan does not consider (the simultaneous return of the four-disputed islands) as the sole option for settling the territorial issue. The question is how much the two nations will be able to compromise on this matter." In this way, he stressed that a compromise between the two nations should be a prerequisite for settling the territorial dispute.

While noting that Russia would adhere to its five-stage program—which is composed of the recognition of the territorial issue, the establishment of free economic zones, demilitarization of the four-disputed islands, the conclusion of a peace treaty, and the settlement of the territorial issue by future generations, Mr. Ilyushin indicated the intention of speeding up negotiations for the return of the islands, depending on those proposals the Japanese side made. At the same time, he expressed dissatisfaction with the fact that Japan has not indicated specific measures to solve the territorial issue, saying: "I wonder if Prime Minister Kiichi Miyazawa intends to indicate specific measures?" Meanwhile, as regards the details of "12 proposals" indicated by President Yeltsin earlier, Mr. Ilyushin made no mention, saying: "I also do not know about these proposals."

Moreover, he said the outcome of Russo-Japanese summit talks "will have a significant impact not only on bilateral ties but also on the Asian-Pacific region," indicating that Russia would actively promote its new diplomacy toward Asia during President Yeltsin's visit to South Korea following his Japan visit and his visit to China in November. Russia intends to consolidate the foundation of its new diplomacy by establishing "new relations in business fields" with countries in the Asian-Pacific region. Referring to relations with China, South Korea, and the DPRK (North Korea), he merely said: "As a neighboring country, Russia will seek measures to improve relations."

Members of Entourage Listed

OW2908121392 Tokyo YOMIURI SHIMBUN in Japanese 29 Aug 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] A government source disclosed on 28 August that Russian State Secretary Gennadiy Burbulis and Foreign Economic Relations Minister Petr Aven will accompany President Yeltsin's visit to Japan scheduled for 13 September. In addition, Russian Defense Minister Pavel Grachev will also accompany the president. Foreign Affairs Minister Andrey Kozyrev is scheduled to visit Japan around 10 September and later join the president and his suite, who are to arrive in Japan on 13 September.

Russian State Secretary Burbulis is an important figure because he serves as chairman of a preparatory committee on the president's visit to Japan. He is expected to accompany President Yeltsin when the president holds a summit meeting with Prime Minister Miyazawa. Meanwhile, Foreign Economic Relations Minister Aven is scheduled to hold separate talks with such Japanese leaders as International Trade and Industry Minister Kozo Watanabe to discuss the issue of economic cooperation between Japan and Russia.

Russia Seeks Aid in Converting Nuclear Materials

OW3108064392 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Aug 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] The Russian Government has asked Japanese financial circles and government officials for their cooperation in the peaceful use of nuclear materials in nuclear weapons held by the former Soviet Union. The plan is to establish a Japanese-Russian consortium to use as nuclear fuel the large amount of plutonium and highly enriched uranium which will become available as nuclear weapons are dismantled in the former Soviet Union. The Russian side hopes to discuss this, together with the issue of establishing an optical fiber communications network across the country and the conversion of Russian military industry to civilian production, at a summit meeting between Japan and Russia to be held in mid-September.

The Russian Government hopes to cover the expense of dismantling the weapons by selling nuclear materials. If the plan is carried out, it would be possible to reduce the nuclear threat. At the same time, there is concern that the plan may become a cause of nuclear proliferation and disturb the nuclear fuel market, however.

According to Japanese Government and financial sources, the plan was proposed by Russian Deputy Prime Minister and Press and Mass Media Minister Poltoranin to Rokuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry [Nissho], when Poltoranin visited Japan in early August prior to the planned visit by Russian President Yeltsin. He indicated at the time his intention to place the matter on the agenda for the Japanese-Russian summit meeting in September.

Among economic cooperation plans proposed by Deputy Prime Minister Poltoranin during his meeting with Nissho Chairman Ishikawa are: 1) Peaceful use of nuclear materials; 2) the establishment of a communications system by laying optical fiber cables across Russia; and 3) the prevention of corrosion in ships by applying laser beam technology and the elimination of sea pollution.

It is noted that the proposal is included in economic and industrial cooperation requests listing more than 150 projects proposed by Deputy Prime Minister Shokhin at a press conference with Japanese reporters on 28 August.

According to the plan for using nuclear materials, a Japanese-Russian consortium would sell them as nuclear fuel after weakening the concentration of waste highly-enriched uranium and processing plutonium as a mixed compound. These nuclear materials will otherwise become useless as nuclear weapons possessed by the former Soviet Union are dismantled. Although details of the consortium are not known, Nissho Chairman Ishikawa reportedly told Poltoranin that because the plan promotes the abolition of nuclear weapons by cooperation between the Japanese and the Russian Governments, "The world will be able to share peace through the plan, and if the plan materializes, it will contribute to solving the world's energy and environmental problems."

It is estimated that Russia will spend scores of billions of dollars during the next 10 years dismantling the former Soviet Union's nuclear weapons that are now under its control, in accordance with the U.S.-Russian accord on nuclear disarmament. It is also noted that Russia faces an economic crisis and is unable to find ways to fund the exercise.

Experts estimate that 50 to 100 tons of high-purity plutonium and approximately 500 tons of highly-enriched uranium will be obtained from the dismantling of the weapons. If these nuclear materials are used as fuel, it would be enough to meet world demand for one or two years or demand in Japan for more than 10 years. This will upset supply and demand on the uranium market.

Some people in business circles have called for caution in dealing with this issue. One said: "Technical problems remain to be settled. Moreover, the Japanese energy industry has already secured sufficient uranium, with the possibility it will be oversupplied. There will be little advantage, therefore, as far as the procurement of nuclear fuel is concerned." Another said: "Although it will be used for peaceful purposes, political consensus will still be needed to obtain the trust of the international community."

Because of apprehension about the economic crisis faced by Russia and the management of nuclear materials currently controlled by Russia, however, there is a growing concern among Western disarmament and arms control experts about the dismantling of former Soviet nuclear and with the control of nuclear materials.

Governments of major nations have started studying ways to deal with the issue. For example, the U.S. Government has decided to provide $400 million in funds to support projects for storing nuclear materials in Russia. It is also noted in some quarters that the issue of the control and disposal of nuclear materials for former Soviet military use, as well as efforts to turn these materials into nuclear fuel, will be high on the agenda of the industrialized nations' summit talks planned for Tokyo next year.

German Research Minister on Aid to CIS

OW2808052092 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Aug 92 Morning Edition—FOR OFFICIAL USE ONLY

[Report on an interview with German Minister of Research and Technology Heinz Riesenhuber by unidentified NIHON KEIZAI SHIMBUN reporters in Tokyo on 27 August;received via Nikkei Telecom database]

[Text] Germany's Minister of Research and Technology Heinz Riesenhuber granted an interview to NIHON KEIZAI SHIMBUN reporters in Tokyo on 27 August. During the interview, in connection with the issue of the exodus of the former USSR's militarily-related technicians, such as those specializing in nuclear weapons, he indicated that "Germany will further independently implement supplementary aid in the amount of 30 million marks (1 mark = about 89 yen)" in addition to those measures hitherto agreed upon by the United States, the EC, and Japan. Moreover, he expected Japan to also follow suit in extending supplementary aid.

The United States, the EC, and Japan have agreed on the joint establishment of an "international science and technology center" to prevent the outflow of the former USSR's nuclear weapons technicians to foreign countries. The United States and the EC have decided to contribute $25 million, while Japan has decided to contribute $20 million.

Concerning current measures on aid, Minister Riesenhuber pointed out that "this is still not sufficient to prevent the proliferation of arms technology (to third countries)." He said that "Germany has invited more than 1,000 scientists from Russia alone, and has suggested, for instance, the establishment of a new foundation supporting scientists as a supplementary measure. Concerning Japan, he called for expanded aid, saying that "Japan should exert efforts in this regard, as viewed from the immensity of its responsibility in the world."

Emperor Expected To Avoid Apology on PRC Visit

OW3008062692 Tokyo MAINICHI SHIMBUN in Japanese 30 Aug 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom Database]

[Text] The "speech" to be made by the emperor during his visit to China has recently become a central concern for the government. Referring to this issue at a news conference held in Tsuruoka, Yamagata on the afternoon of 29 August, Chief Cabinet Secretary Koichi Kato said: "The government should avoid imposing another burden on the emperor concerning this matter. It is possible that in preparation for the emperor's speech, the government will use words the emperor has spoken in the past." It is believed Kato's comment suggests that the government intends to avoid using new expressions for the emperor to refer to World War II and that it will possibly use "deep regret," the expression conveyed to South Korean President No Tae-u during his visit to Japan in 1990, again for the emperor's speech in China.

Concerning the emperor's "speech," sources within the government have already admitted that it is highly possible that the government will use "deep regret" in view of the need for Japan to implement a well-balanced diplomacy toward South Korea. Kato's comment conforms with this view. At the same time, it has clarified that Japan intends to avoid making a clear apology during the emperor's visit. At the news conference, Kato said: "The bilateral issues (between Japan and China) concerned with their past should be resolved constructively in the fields of politics and diplomacy. The emperor's visit to China will not be to apologize for the past."

Finance Ministry Actively To Promote Imports

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[Received via Nikkei Telecom Database]

[Text] As the issue of "import promotion" has been incorporated into the government's comprehensive economic package, the Ministry of Finance [MOF] will actively promote the overall bonded area system which is subject to preferential tax treatment. In concrete terms, the MOF will provide the know-how to enterprises—under the jurisdiction of the relevant customs and local governments—on becoming a designated bonded area which can accept imported goods from foreign countries. If requested, it will also consult with import enterprises and local governments concerning the advantages pertaining to the tax system and import procedures that can be acquired upon designation as a bonded area.

A bonded area is one in which customs duties are only charged on goods which have reached the shipment stage, and is applicable to cases in which foreign enterprises bring raw materials to Japan to be processed into goods for shipment. This system will lead to cost reductions for foreign enterprises conducting sales in Japan. The overall bonded area is one in which the bond system is collectively applicable to warehouses and factories. The MOF has accepted applications from April this year, however, no organization has so far been designated as a bonded area.

MITI Tax System Expected To Encourage Imports

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[Received via Nikkei Telecom Database]

[Text] The Ministry of International Trade and Industry [MITI] has decided to extend and expand the tax system, which promotes imports, and which is set to expire at the end of March 1993. Under the current tax system industries which have imported 10 percent over the highest amount of annual imports they have ever achieved are entitled to either a 5 percent tax reduction on this amount of increase or a 20 percent additional depreciation. The system will be revised so that the amount of the reduction in taxes will be determined depending on an increase rate so long as the amount of imports exceeds the highest amount of imports achieved in the past, however. This new system will take effect starting in fiscal 1993. The MITI hopes that the industrial world will try harder to expand imports with tax preferential treatment, even if industries do not increase their imports more than 10 percent.

Under the new system, if an annual amount of imports exceeds the highest past amount, an industry will be given a 50 percent tax reduction for the amount of the increase. For example, an industry whose import amount exceeds its highest amount of past imports by 4 percent will be entitled to a tax reduction equivalent to 2 percent of the amount of the increase. Currently industries are not entitled to the special privilege unless they realize this 10 percent increase. Therefore, "the number of industries which try to qualify for preferential treatment is limited," (according to the MITI.) Since Japan's trade surplus is growing rapidly, the MITI has decided to expand and strengthen the system.

Similarly, the additional depreciation will also be revised in order to provide preferential treatment according to increases in imports.

Moreover, only manufacturers are eligible for the tax reduction or the additional depreciation under the current system. Wholesalers and retailers are only allowed to accumulate reserve funds, which enables them to put off corporation tax payments for five years. But subsidiaries of foreign industries, although they may be wholesalers or retailers, will be able to choose either the tax reduction or the additional depreciation thanks to the recent revision.

Regarding the application period for the tax system for the promotion of imports after the revision, coordination will carried out in the future between the Finance Ministry and other organizations. But the MITI estimates that the application period will be two to three years.

MITI Expects 'Pump-Priming' To Increase Imports

OW3008153192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Aug 92 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] The large-scale pump-priming package worked out by the government on 28 August includes measures to spur Japan's imports. In response, the Ministry of International Trade and Industry [MITI] has compiled a tentative estimate stating that these measures alone would have the effect of increasing imports by approximately $5 billion (approximately 620 billion yen) for two years—1992 and 1993. The estimate is based both on the government's purchase of $250 million in foreign products under its procurement program and the import stimulus resulting from cuts by the Export and Import Bank of Japan and the Japan Development Bank in interest rates on loans for imports. The pump-priming package, which calls for increased investment in public works projects, is aimed at spurring demand both in the private sector and for imports. Nonetheless, the government has yet to compile a correct estimate on what effect the package will have in spurring imports. Therefore, the Economic Planning Agency has been asked to compile the correct estimate quickly.

VI

The measures to spur imports call for: 1) Upgrading air and sea points of entry, including the establishment of "foreign access zones" where import duties are exempted; 2) strengthening the function of the Japan External Trade Organization (JETRO); 3) lowering the interest rate on loans from the Export and Import Bank of Japan and the Japan Development Bank by 0.2 percent and 0.5 percent, respectively; 4) increasing government procurement; and 5) swiftly handling complaints involving import procedures. These measures are included in the first out of 11 items in the pump-priming package. The government has decided to include these items out of consideration for Japan's trade partners who are increasingly wary of Japan's growing trade surplus.

MITI expects the increased procurement by the government and the lowering of interest rates on loans for imports to have the effect of increasing imports by between $2 billion and $3 billion. MITI says that coupled with those measures, the lowering of interest rates on loans by the Japan Development Bank for the acquisition of facilities like show rooms—which are believed to spur imports—will have the effect of increasing imports by approximately $5 billion over two years.

MITI anticipates that to implement the measures, the government will include a total of 50 billion yen in the general budget in the course of compiling a supplementary budget, and the 50 billion yen consists of 30 billion yen for government procurement, 5 billion yen for expanded projects by JETRO, and 15 billion yen for use by the Export and Import Bank of Japan as financial resources.

Fair Trade Commission Chairman Discusses Policy

922A0319A Tokyo NIKKEI BUSINESS in Japanese 15 Jun 92 pp 72-75—FOR OFFICIAL USE ONLY

[Interview with Setsuo Umezawa, chairman of the Japan Fair Trade Commission, by NIKKEI editor Toyonari Sekiyama: "Domestic Situation Was Also a Factor in Strengthening the Antimonopoly Law, But No Political 'Consideration' Given in Saitama Construction Consultations"; place and date not given]

[Text] In the midst of an environment where the theme is improvement of the daily life of the people, the importance of measures for competition in economic policy has increased. Any number of topics are jostling with each other, such as things like strengthening the Antimonopoly Law, and they are aiming at a steady change with phased approach and realistic methods. He emphasizes that there is "absolutely no" outside pressure.

Must Have Phased Approach in Reexamination of Resale System

[Sekiyama] During the past three years the Fair Trade Commission has pushed for a strengthening of the Antimonopoly Law. How would you see what's happened?

[Umezawa] It is true that the big impetus for a strengthening of the Antimonopoly Law was the Japan-U.S. Structural Impediments Intitiative [SII] talks. However, it was not only a result of influence from the United States, but there was also the domestic situation. That was where we reached a situation where the government had to change the emphasis of its economic policy from a corporate orientation to a focus on improving the life of the people.

[Sekiyama] That is, the Japanese economy had reached a turning point, right?

[Umezawa] After we achieved high growth, we adopted the policy approach in the economy of moving to a period of stable growth and attention turned toward a repletion of the people's lives and an invigoration of the market economy. In that process the importance of competition policy came to be recognized even within the government.

[Sekiyama] However, under the present application of the Antimonopoly Law the protection of businessmen, especially small and medium-sized businesses, and consumer protection are also running afoul of each other, I think. They say there is a great deal of opinion on such things as an increase in the amount of fines on corporations even among the group of policies for strengthening the Antimonopoly Law.

[Umezawa] On that issue, we received a report from scholars and specialist members of the Fair Trade Commission [FTC], who said that corporate fines should be raised to the scale of some several 100 millions of yen, from that of the present law where the fines for individuals and for corporations is 5 million yen, and we began to discuss adjustments. In the end, we settled on a plan calling for 100 million yen.

[Sekiyama] Why is that figure for fines lower than what had been expected at the outset?

[Umezawa] What came from our reconciliation with all quarters was the argument that, the previous year, we had just increased the fines levied on cartels fourfold. And, this was too soon.

One more point was that there was a very high degree of uneasiness centered chiefly on small and medium-sized companies. It is quite usual for the current profits of small and medium-sized companies to be in the range of some several million yen annually. They were worried that, even saying that 100 million yen was the highest fine that could be levied, they would have to declare bankruptcy if they were required to pay a penalty that exceeded their annual revenues by some number of times.

In the final analysis, under a parliamentary and cabinet system, the government cannot present a bill without adjustments with the party in power.

Through that kind of reconciliation process we reached the conclusion that if we were to effect a reform of the

VII

system we could only do it with a fine of 100 million yen for the time being, and we reported that to the study group. At that time, the study group also accepted this level of fines, since this was an epoch-making reform that severed corporate fines from those of individuals where they had been the same before, and for the sake of making this reform a reality from the perspective of what was realistically possible, if that was all that we could do. A reform of the system is not possible without achieving a consensus from all.

[Sekiyama] There are indications that, when reconsidering the resale system, you backed off from what had been the policy at first.

[Umezawa] In order to move liberalization steadily forward without disorder, we have to take a phased approach. Even concerning cosmetics and pharmaceutical products, this time, though there are still designated items remaining, on a shipped base, we will regulate 40 percent of cosmetics items that fall outside of the Antimonopoly Law, and 70 percent of the pharmaceutical products. To do this we will have a one-year period for putting this into practice, and as a basic principle, we will apply the rules next April. An then saying this we will reexamine it next in 1998, which means that we will aim at total liberalization.

[Sekiyama] There are those who say that this is lenient.

[Umezawa] There is probably all kinds of debate. Traditionally, when we do this kind of thing we recognize a transition period. What is important is to indicate to the retailers that the margins they have had cannot be guaranteed, and to have them prepare themselves for free competition. We have to promote complete liberalization realistically by doing that.

Administrative Organs Proposing Policy Coordinate With Others

[Sekiyama] On the problem of the Saitama Construction collusion, even though a criminal indictment was foreseen, that did not happen. There is a great deal of speculation that there were political considerations, having just decided on an overall economic policy.

[Umezawa] There were none. We exchanged opinions with the prosecuting authorities countless times. The result was that a criminal indictment in this case would be a problem, both legally and practically. I'm done with that.

[Sekiyama] What sort of exchanges did you have? I would like to have some more detail.

[Umezawa] We exchanged opinions with the prosecutors on such things as whether it would stand up to maintaining public prosecution or if it could stand up to indictment. However, I cannot speak of the substantive details of those discussions, because they might influence the disposition of cases in the future. However, the resolution this time has no relationship to such things as protection of businessmen.

[Sekiyama] As you said previously, I think it is necessary to strengthen the independence of the FTC as the focus of Japanese economic policy focuses on the areas of daily life and consumers and away from producers. However, the agencies from which committee members come are designated and it has often been said that they put the interests of their own agencies first when it comes to applying the Antimonopoly Law. Isn't there a need to significantly strengthen the FTC's independence?

[Umezawa] What the Antimonopoly Law means by independence is that commission members are under no supervision from any organ in exercising their authority.

However, competition policy is, in the end, one part of the government's economic policy. Because we have a Diet-member cabinet system, when the FTC, as an administrative organ, proposes measures, there are consultations with the majority power in the legislative process or adjustments with other agencies or ministries making economic policy.

But, in the end, decisions are made on our own FTC responsibility.

[Sekiyama] What is the reason for such misunderstanding?

[Umezawa] It is probably necessary to make as much of the policy formation process and the process whereby conclusions are reached as public as possible. This is something that we haven't done heretofore, but since October 1990 we have made everything public, for example, even about illegal cases, including warnings. Protecting that kind of visibility is extremely important in responding to trust.

Anticompetitive Acts in Japanese Markets Should Be Dealt With Under Japanese Law as Basic Principle

[Sekiyama] The U.S. Department of Justice launched a policy of applying antitrust law outside of its territory, didn't it? Fear is increasing among Japanese corporations. What can their aim be?

[Umezawa] First of all, it is necessary to have a clear definition of the argument. What we think is the problem is the case where, when U.S. exporters have export transactions and are hurt by anticompetitive acts in another nation's market, they want to have U.S. antitrust law applied.

[Sekiyama] From what point of view are you criticizing this?

[Umezawa] Every nation has jurisdiction, not limited to antimonopoly law. We will deal with anticompetitive acts committed in Japanese markets, using Japanese law. That this conflicts with this basic principle is the first point of contention. The European Community (EC) also recognizes this point.

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Daily Report

East Asia

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31 August 1992

IX

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East Asia

FBIS-EAS-92-169 CONTENTS *31 August 1992*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Dunkel Seeks Open Rice Market, Views NAFTA *[KYODO]* 1
Foreign Minister Watanabe Leaves for Moscow *[KYODO]* 1
Yeltsin 'May' Apologize for Treatment of POW's *[KYODO]* 1
MITI Cautious on Credit Extensions for Russia *[KYODO]* 2
Agreement Reached on Aid Package to Russia *[KYODO]* 2
Koreans on Sakhalin Petition for Financial Aid *[KYODO]* 2
ROK Citizens Sue Government for Compensation *[KYODO]* 2
Troops Scheduled To Join UN in Cambodia 24 Oct *[KYODO]* 3
Watanabe, Okuda Deny Sagawa Scandal Payoffs *[KYODO]* 3
Ozawa Urges Kanemaru To Remain as Faction Head *[KYODO]* 4
Tokyo Plans To Cooperate To Stabilize Dollar *[KYODO]* 4
Reaction to Tokyo's Economic Package Continues 4
    Miyazawa Expresses Confidence *[KYODO]* 4
    Finance Minister Views Future *[Tokyo TV]* 5

North Korea

Premier Departs for Nonaligned Summit *[KCNA]* 6
Third IAEA 'Irregular Inspection Team' Arrives *[KCNA]* 6
U.S. Blamed for South's Economic Problems *[Pyongyang Radio]* 6
South's Defense Appropriations, Exercises Viewed *[KCNA]* 7
Measures To Expedite Investments Reported *[KYODO]* 7
Chinese PLA Goodwill Delegation Departs *[Pyongyang Radio]* 8

South Korea

U.S. Said To 'Pressure' on Purchasing Weapons *[KYONGHYANG SINMUN 31 Aug]* 8
U.S. Memorandum With North Korea Viewed *[THE KOREA TIMES 30 Aug]* 8
Foreign Minister on President's Visit to PRC *[Seoul Radio]* 9
PRC Assures Seoul of No Nuclear Help to North *[CHUNGANG ILBO 28 Aug]* 9
N-S Joint Nuclear Control Commission Meets *[Seoul Radio]* 10
    Results Reported *[YONHAP]* 10
Government Weighs Excluding Bases From Inspection *[YONHAP]* 10
Seoul Reports Nuclear Inspection of North *[YONHAP]* 11
North Abruptly Cancels Business Meeting in PRC *[CHOSON ILBO 30 Aug]* 11
North Toughens Customs Checks at PRC Border *[YONHAP]* 11
North Students Studying in China Scrutinized *[SEOUL SINMUN 30 Aug]* 12
North Korea's Economic Situation Discussed *[CHUNGANG ILBO 23 Aug]* 12
Purchase of Airborne Early Warning System Sought *[YONHAP]* 13
DLP President's Acceptance Speech Published *[THE KOREA HERALD 30 Aug]* 13

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

Troops Ready To Go to Yugoslavia if UN Requests *[BERNAMA]* 17
Strategy Planned To Promote Investments *[NEW STRAITS TIMES 27 Aug]* 17

Cambodia

- Reaction to Proposed UNTAC Bill Reported 17
  - Khmer Rouge Reject Legislation *[Radio VGNUFC]* 17
  - Son Sann Comments on Legislation *[Radio VGNUFC]* 18
- Hun Sen Reacts to KR Proposal in 28 Aug Speech *[Phnom Penh Radio]* 19
- Khieu Samphan Reiterates PDK Demands *[Radio VOK]* 25
- Faction Urges Roundup, Expulsion of Vietnamese *[AFP]* 25

Laos

- Assembly Chairman Receives U.S. Envoy *[Vientiane Radio]* 26
- Kaysone Phomvihan Leaves for Nonaligned Summit *[Vientiane Radio]* 26
- Inspection Board Group Leaves for SRV Visit *[Vientiane Radio]* 27
- Conference on Economy, Planning, Finance Opens *[Vientiane Radio]* 27
- Vientiane Districts Hold Party Committee Meetings *[Vientiane Radio]* 27
- SPA Chairman Visits Cadres in Se Bang Fai *[Vientiane Radio]* 27

Philippines

- DTI on Four Industries Affected by NAFTA *[BUSINESS WORLD 31 Aug]* 28
- House Speaker Rejects Foreign Debt Cap Proposal *[MANILA BULLETIN 31 Aug]* 28
- Manila Arrests 12 PRC Fishermen in Spratlys *[AFP]* 29
- Taipei Agrees To Extend $100-Million Loan Deal *[THE CHRONICLE 13 Aug]* 29
- Police Commanders Urged To Institute Reforms *[PHILIPPINE DAILY INQUIRER 28 Aug]* 30
- Released Rebels May Return to Military Service *[PHILIPPINE DAILY INQUIRER 30 Aug]* 30
- 'Legal Technicality' Delays Release of Rebels *[PHILIPPINE DAILY INQUIRER 28 Aug]* 31
- Samar Rebels Dissolve Five Front Organizations *[BUSINESS WORLD 28 Aug]* 32
- Families Flee as Troops Pursue NPA Rebels *[PHILIPPINE DAILY INQUIRER 28 Aug]* 33

Thailand

- Chatchai Favors Trade Links With Khmer Rouge *[BANGKOK POST 30 Aug]* 33
- Anan Mediates Conflicts Over Military Reshuffle *[THE NATION 29 Aug]* 34
  - Defense Minister Denies Conflicts *[Bangkok Radio]* 34
- Chatchai Not To Ally With Pro-Military Party *[BANGKOK POST 30 Aug]* 35
  - Chatchai Statement Viewed *[THE NATION 31 Aug]* 35
- Democracy Group Set Up, Needs Financial Support *[BANGKOK POST 30 Aug]* 36
- Minister Urges Familiar Politicians To 'Behave' *[BANGKOK POST 29 Aug]* 37
- Paper Views Chances for Chatchai Election Victory *[BANGKOK POST 26 Aug]* 37

Vietnam

- UN Agency To Assist National Anti-Drug Project *[Bangkok Radio]* 38
- Attacks on Vietnamese in German City Reported *[Hanoi Radio]* 38
  - Germany Asked To Protect Vietnamese *[VNA]* 38
- Vietnam-China Friendship Association Meets *[VNA]* 39
- Australian Trade Delegation Concludes Visit *[VNA]* 39
  - Trade Ties With Australia Viewed *[Hanoi International]* 39
- Death of Vice President Nguyen Thi Dinh Announced *[VNA]* 40
  - Senior Officials Pay Tribute *[VNA]* 40
- Official Cited on Foreign Investment Figures *[VNA]* 40
- Export Surplus in First Half of 1992 Reviewed *[Hanoi International]* 41
- Conference Held on Development of Central Highlands *[VNA]* 41
- Le Quang Dao Meets With Ethnic Minorities *[Hanoi Radio]* 41
- Economic Zone Plans Discussed at Conference *[VNA]* 41
- 87 Private Companies Licensed in Hanoi *[VNA]* 42

AUSTRALASIA

Australia

Foreign Minister Leaves To Attend NAM Summit *[Melbourne International]* 43
Fiji Prime Minister Rabuka Arrives for Visit *[Melbourne International]* 43
    Meets Foreign Minister Evans *[Melbourne International]* 43
Trade Minister Hails Countertrade Deal With SRV *[Melbourne International]* 43

Fiji

Military Chief Departs for PRC Visit 31 Aug *[Melbourne International]* 43

Papua New Guinea

Prime Minister Wingti Leaves for NAM Summit *[Melbourne International]* 43

XII

Japan

Dunkel Seeks Open Rice Market, Views NAFTA

OW3108120292 Tokyo KYODO in English 1146 GMT 31 Aug 92

[Text] Tokyo, Aug. 31 KYODO—Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT), on Monday again urged Japan to open its rice market and accept his December proposal on comprehensive replacement of trade barriers with tariffs, government officials said.

During a meeting with Chief Cabinet Secretary Koichi Kato, Dunkel said that his proposal of tariffication without exception does not mean a call for drastic change on farm protection policies, the officials said.

Dunkel asked Japan to accept his proposal on agriculture amendments for the Uruguay Round of multilateral trade talks, saying that tariffication will not immediately lead to the full removal of protective barriers, according to the officials.

In response to this, Kato reiterated Japan's position not to accept total tariffication in order to protect its ban on rice imports, but said it was essential for Japan to successfully conclude the Uruguay Round talks, including farm issues, they said.

Kato was quoted as saying, "It is difficult for Japan to accept total tariffication."

On the outlook of the long-stalled Uruguay Round, Dunkel pointed out that predictions that no progress would be made before the U.S. presidential race in November, were wrong, they said.

Dunkel hinted at the possibility that the Uruguay Round would see a final agreement by the end of this year or before the end of February, saying negotiations may move forward after a French referendum on the European Community's integration slated for September 20, the officials said.

Regarding the North American Free Trade Agreement, Dunkel said it will be reviewed under the GATT scheme, adding only that generally speaking, a trade bloc closed to outside nations is problematic under GATT rules, according to the official.

During a meeting with parliamentary Vice Foreign Minister Koji Kakizawa, Dunkel said that U.S.-EC discussions over farm subsidies have come close to reaching an agreement, calling on Japan for further efforts to conclude the entire round of talks, the government officials said.

Kakizawa responded, however, that it is politically difficult to accept tariffication of rice import barriers, explaining that the ruling Liberal Democratic Party does not hold a majority of seats in the House of Councillors, they said.

Foreign Minister Watanabe Leaves for Moscow

OW2908021492 Tokyo KYODO in English 0155 GMT 29 Aug 92

[Text] Tokyo, Aug. 29 KYODO—Japanese Foreign Minister Michio Watanabe left Saturday for Moscow to make final arrangements for Russian President Boris Yeltsin's September 13-16 trip to Tokyo.

During his stay in the Russian capital until September 4, Watanabe is to confer with Yeltsin and other Russian officials on a bilateral territorial dispute and other key topics expected to dominate Yeltsin's Japan visit.

The dispute revolves around the Russian-held Kunashiri, Etorofu and Shikotan islands and the Habomai islets seized by Soviet troops in the closing days of World War II.

On the eve of Watanabe's arrival in Moscow, a Russian Foreign Ministry official told INTERFAX News Agency that the two countries should settle the territorial question and conclude a peace treaty "on the basis of law and justice."

"The solution should be just and mutually acceptable," the official said. "It would be desirable to find the solution which would produce no more frictions between the two countries in the future."

Yeltsin 'May' Apologize for Treatment of POW's

OW2908001392 Tokyo KYODO in English 0002 GMT 29 Aug 92

[Text] Tokyo, Aug. 29 KYODO—Russian President Boris Yeltsin may formally apologize during his mid-September trip to Japan for the Soviet seizure of about 600,000 Japanese prisoners of war after World War II, Japanese Government sources said Saturday.

The two governments have agreed to mention the issue of Japanese POWs in a joint communique to be released during Yeltsin's visit, the sources said.

Yeltsin would be the first Soviet or Russian leader to apologize for the episode in which some 60,000 of the 600,000 Japanese POWs died in captivity.

But the sources said it is not clear when or where Yeltsin would make such an apology.

Then Soviet President Mikhail Gorbachev expressed condolences and sympathy for the dead and their relatives during his official visit to Tokyo in April last year.

Gorbachev at the time presented Japan a list of about 40,000 Japanese POWs who died in Siberian camps.

The sources said Yeltsin will be too busy to meet representatives of former Japanese POWs during his September 13-16 visit to Japan.

But they said Tokyo and Moscow are reviewing agreements covering a list, remains and belongings of former Japanese POWs.

MITI Cautious on Credit Extensions for Russia

OW2908060092 Tokyo KYODO in English 0537 GMT 29 Aug 92

[Text] Tokyo, Aug. 29 KYODO—The Ministry of International Trade and Industry (MITI) showed a cautious attitude Saturday toward extending a new credit line to Russia to finance the development of natural resources.

"We are still trying to consume a 1.8 billion dollar export insurance framework set aside for Russia last October, and we have no plan to expand the framework at this stage," a ministry official said.

The official was commenting on reports from Moscow that Russian President Boris Yeltsin will seek a new credit worth 1.5 to 2 billion dollars from Japan next month to finance crude oil and natural gas development projects.

Yeltsin is scheduled to arrive in Tokyo September 13 for talks with Japanese Prime Minister Kiichi Miyazawa and other officials.

The official, who remained anonymous, said the ministry will offer active cooperation to Russia in developing natural resources within the existing export insurance framework because such projects will help the country earn foreign currency to promote its economic reforms.

Extension of government-insured credits to Russia has made slow progress due largely to the country's declining creditworthiness, ministry officials said.

The ministry agreed to finance a 700 million dollar export contract reached between a group of Japanese firms and Russia's state-run Gasprom which operates natural gas fields in Siberia.

Agreement Reached on Aid Package to Russia

OW3108092692 Tokyo KYODO in English 0917 GMT 31 Aug 92

[Text] Tokyo, Aug. 31 KYODO—Japan has officially agreed to extend 100 million dollars in humanitarian aid to Russia, Japanese Government sources said Monday.

The sources said the Export-Import Bank of Japan agreed with its Russian counterpart on the assistance, which was decided in December 1990 but was delayed due to political uncertainties in the former Soviet Union.

The two governments will exchange notes on the deal when Russian President Boris Yeltsin visits Japan from September 13 to 16.

The aid was originally limited to foodstuffs but was expanded to include such items as medicine, cigarette filters, and wrapping paper for meat, at the behest of Moscow.

Koreans on Sakhalin Petition for Financial Aid

OW2808084992 Tokyo KYODO in English 0750 GMT 28 Aug 92

[Text] Osaka, Aug. 28 KYODO—A group of Koreans left on Sakhalin after the Japanese surrender in August 1945 has sent a petition to Japanese Prime Minister Kiichi Miyazawa and Russian President Boris Yeltsin asking for financial aid to help them return to South Korea.

The Association of Elderly Koreans in Sakhalin Province sent the petition, Pu Hae-tong, a spokesman for the petitioners, said Friday.

The petitioners are also seeking a guarantee of housing and jobs after their return, financial assistance for setting up new households, transfer of savings and pensions, and the return of the remains of relatives and friends, Pu said.

The petition says they were forcibly brought to Sakhalin by the Japanese to work in mines and military facilities during World War II, and were abandoned after the Japanese surrender.

The Japanese Foreign Ministry said Friday [28 August] it had not yet received the documents and therefore declined to comment on the petition.

The southern half of Sakhalin and all of the Korean peninsula were under Japanese rule until the end of the war.

The petitioners also accuse the Russian authorities of blocking their repatriation and closing down Korean schools on Sakhalin.

"It's the responsibility of the Japanese Government to guarantee the livelihood of the returnees. As we prepare to return home on a large scale, we also want to make sure that ships for the transportation are provided," Pu said.

ROK Citizens Sue Government for Compensation

OW2808121492 Tokyo KYODO in English 1151 GMT 28 Aug 92

[Text] Tokyo, Aug. 28 KYODO—A group of 369 South Koreans filed a lawsuit Friday with the Tokyo district court seeking a formal apology and payment of 10.5 billion yen in damages from the Japanese Government for sufferings under Japan's 1910-1945 colonial rule of Korea.

The plaintiffs call on the Japanese Government to accept responsibility for Japan's colonial rule of the Korean peninsula and for the atrocities committed during this period, especially during World War II, and for the separation of the Korean people due to the war.

They also called for the text of the proposed apology included in the writ to be published in all major Japanese and Korean newspapers.

The plaintiffs seek a court ruling to declare the 1905 Korean-Japanese convention that made Korea a Japanese protectorate, and the 1910 annexation treaty illegal, and that Japan did not have the right to conscript Koreans for the Japanese Imperial Army or heavy labor.

Among the plaintiffs are former forced laborers, army draftees, women who had to serve in frontline brothels, bereaved relatives, and relatives of victims of the suppression of the 1919 Samil uprising against Japanese colonial rule.

In a press conference held after handing in the suit, Chi Ik-pyo, a spokesman for a 122-member lawyers' group supporting the plaintiffs, said the plaintiffs did not want to fight Japan, but will not accept the government's claim that the matter has been settled with the 1965 normalization treaty with South Korea.

With the establishment of diplomatic relations between the two countries, Japan provided South Korea with a total of 300 million U.S. dollars in grants, and 200 million dollars in low-interest loans, while South Korea waived further claims for war damages.

Chi said the sum was much too small and that it was not used to compensate ordinary people.

Troops Scheduled To Join UN in Cambodia 24 Oct

OW2908013992 Tokyo KYODO in English 0132 GMT 29 Aug 92

[Text] Tokyo, Aug. 29 KYODO—Japanese engineering troops will bein road repair and bridge building in Cambodia on October 24, slightly sooner than expected, government sources said Saturday.

Japan moved up its first dispatch of soldiers since World War II to show Cambodia and the U.N. Mission there Japan's willingness to join U.N. peacekeeping operations, the sources told KYODO News Service.

Defense Agency Director General Sohei Miyashita recently said the 400 Self-Defense Forces engineering troops would start their U.N. work in southern Cambodia by the end of October.

The United Nations is expected to formally request the troops in the next few days and the Japanese cabinet will approve a plan September 8 stipulating their scale and mission, the sources said.

On Miyashita's orders, the soldiers will leave Japan on October 13 and 14, they said.

On September 23 and 24, an advance team will leave to make final preparations with the U.N. mission and a 180-member team will leave October 1 and 2 to build tents, water-supply facilities and medical rooms to handle the main deployment, the sources said.

Eight ground Self-Defense Force members will go to Cambodia on September 13 as ceasefire monitors, they said.

Previous plans had the engineering troops starting to repair the war-ravaged roads and building bridges in November at the request of the U.N. mission in Cambodia.

But the government felt Japan was making a slow start compared with other countries in joining the peacekeeping forces, a commitment that required passage of a highly controversial law in June.

Opponents say any dispatch of Japanese soldiers would violate the country's pacifist Constitution.

Also Saturday, 1,080 ground-troop engineers and support personnel finished six days of training in road repair and bridge construction in Ono, Hyogo Prefecture.

Watanabe, Okuda Deny Sagawa Scandal Payoffs

OW2808152892 Tokyo KYODO in English 1517 GMT 28 Aug 92

[Text] Tokyo, Aug. 28 KYODO—Transport Minister Keiwa Okuda and Foreign Minister Michio Watanabe on Friday countered media allegations they benefited from donations from the scandal-ridden, now defunct Tokyo Sakawa Kyubin Co.

Okuda told a press conference immediately after a cabinet meeting on economic affairs that he had never received a corporate donation from the trucking company.

But asked to comment on allegations he received an individual donation from the same company, Okuda said he would "prefer to reserve comment at this stage."

"I have never received a corporate donation from Tokyo Sagawa," Okuda said.

"I think the time will come when I will have to speak to you all, however I am well acquainted with the former Tokyo Sagawa President (Hiroyasu) Watanabe."

"There are a host of important problems both domestically and internationally involving economic countermeasures and I want to limit comment on the issue to (what I've just said)," Okuda said.

Hiroshi Watanabe, 58, is under indictment for aggravated breach of trust. He allegedly caused losses to Tokyo Sagawa by having the trucking company guarantee massive loans to other companies in which he had an interest.

Okuda said he had not been contacted by police investigating allegations of undeclared political donations from Sagawa Kyubin.

"I don't think that is necessary," he said.

Okuda was responding to widespread rumors that for two years and four months his former secretary received annual salary payments of 2-3 million yen from Hokuriku Sagawa and that in October 1983, he attended a party to celebrate the completion of a new office for the Kanazawa city branch of Hokuriku Sagawa Co.

Some sections of the media have already alleged Okuda accepted 50 million yen in donations from Watanabe.

In a related development, Foreign Minister Michio Watanabe told a press conference there are "no grounds" for media allegations he received 100 million yen from Tokyo Sagawa Kyubin.

"The power of the mass media is immense," Watanabe said. "It is tied up with the political life of the person written about. We will have to change the laws of defamation and increase the penalties."

Watanabe said he would like to see consultation among governing and opposition parties on the subject and suggested some sectors of the media were breaking the law by manufacturing allegations which could not have been leaked from the public prosecutors' office.

"If they are reporting it, they should show on what authority they have it and listen to what the people concerned have to say," Watanabe said.

"It concerns me, so if they have something, they should confirm it."

Ozawa Urges Kanemaru To Remain as Faction Head

OW2908123692 Tokyo KYODO in English 1226 GMT 29 Aug 92

[Text] Kannami, Shizuoka Pref., Aug. 29 KYODO—Ichiro Ozawa, former secretary general of the ruling Liberal Democratic Party (LDP), Saturday urged Shin Kanemaru to stay on as head of the LDP's largest faction.

Kanemaru, the strongest power broker in the party, tendered his resignation Thursday as LDP vice president and faction leader after admitting he received 500 million yen in an unreported donation from Tokyo Sagawa Kyubin, a trucking company at the center of a huge loan scandal.

Prime Minister and LDP President Kiichi Miyazawa reluctantly accepted his resignation Friday.

Speaking at a seminar for Kanemaru's faction, which was founded by former Prime Minister Noboru Takeshita, Ozawa said the faction should be the core of Japanese politics and that Kanemaru should stay on to lead it.

Ozawa said he will continue to persuade Kanemaru to remain as the chairman of the faction, saying "no one else can assume the post of chairman of the Keisei-kai (Takeshita faction) other than Chairman Kanemaru."

About 700 people attended the three-day seminar, which opened Saturday.

Tokyo Plans To Cooperate To Stabilize Dollar

OW3108112192 Tokyo KYODO in English 1112 GMT 31 Aug 92

[Text] Tokyo, Aug. 31 KYODO—A top official of the Finance Ministry said Monday that Japan will maintain a close cooperation with its Group of Seven (G-7) partners to stabilize the battered dollar.

The official, who spoke with Japanese reporters on condition of anonymity, said that too sharp of a dollar decline is not "desirable."

The dollar dropped sharply against the yen in Tokyo interbank trading Monday, sinking momentarily to the 122-yen level.

The ministry official said the dollar's downfall against the yen "appears to be in favorable reaction to the (government's fiscal stimulus) package."

On Friday, the government announced its long-awaited economic rescue package, which includes 10.7 trillion yen in additional fiscal spending.

Arguing that a sharp dollar decline is not beneficial, the official said, "We will continue to watch the currency market, and maintain close contacts with other (G-7) countries" to achieve stability for the dollar.

The Finance Ministry official expressed a cautious stance toward providing government financing to the proposed agency to buy land held by banks as collateral against bad loans.

Prime Minister Kiichi Miyazawa suggested Sunday that public financing be provided to the agency, which major commercial banks are expected to establish by the end of the year to make it easier to liquidate nonperforming loans.

"The banks should first make their own best efforts (to overcome the problem of huge bad loans)," said the official.

Asked about the ministry's expected release of information about the bad loans with the banks, the official said the amount of bad loans will be published sector-by-sector only, denying that amounts would be individually disclosed for each bank.

The ministry will disclose the amount of bad loans in the first half of fiscal 1992 for each banking sector, for city banks, long-term credit banks, and trust banks, as it did in April, the official said.

Reaction to Tokyo's Economic Package Continues

Miyazawa Expresses Confidence

OW2808145492 Tokyo KYODO in English 1433 GMT 28 Aug 92

[Text] Tokyo, Aug. 28 KYODO—Prime Minister Kiichi Miyazawa expressed confidence in the just-endorsed economic pump-priming measures at a cabinet meeting on economic affairs held Friday evening, officials said.

Miyazawa was quoted as saying that the Japanese economy has sufficient potential to meet extremely heavy demands, such as overseas assistance and domestic measures to boost living standards.

Following the cabinet meeting, Finance Minister Tsutomu Hata told the press that Japan must continue its efforts to attain the domestic demand-driven economic growth target of 3.5 percent as projected by the government for the current fiscal year.

Asked why no income tax cut was included in the pump-priming package, Hata said that government finances are tight, and that tax cuts at the cost of the issue of deficit-covering bonds are to be avoided.

In a separate comment, Takeshi Noda, director general of the Economic Planning Agency, said instant effects can be expected from the new measures and predicted an advance of 2.4 percent in Japan's Gross National Product (GNP) over the next year.

Noda declined to comment on the 3.5 percent target, saying that it depends on the April-June results.

Meanwhile, International Trade and Industry Minister Kozo Watanabe said the intended growth can be attained with the cooperation of the private sector, and gave a perfect 100 percent mark to the package of measures.

Construction Minister Taku Yamasaki said 95 percent of the budget allocated to his ministry for the current fiscal year will be spent by December, in a reference to the front-loading of public works expenditures.

Finance Minister Views Future

OW2808143892 Tokyo NHK General Television Network in Japanese 1200 GMT 28 Aug 92

[Interview with Finance Minister Hata by NHK newscaster Sonoda via remote hookup on 28 August; from "NHK News 21" program—recorded]

[Text] [Sonoda] Mr. Hata, I am sorry to bother you when you are busy. What I want to know is this: When do you think the economy will turn upward as a result of the large-scale economic stimulus package costing 10 trillion yen?

[Hata] When? That is a very difficult question to answer. Currently, the economy is in an adjustment stage. Many companies made large capital investments during the bubble economy. These capital investments will be readjusted. Even general households bought many durable goods during that time. Hence, there will be a readjustment in that respect too. All of this means that some time will have to pass.

Housing construction is more or less beginning to turn upward. On top of that, 10.7 trillion yen will be put in, centering around public works projects. This is the largest ever pump-priming measure amount.

Financial uneasiness also needs to be removed. We have measures to shore up banking and the stock market. I hope that the economic package, together with previous measures we have taken will have an effect on the economy as early as possible.

[Sonoda] One of the features of the new stimulus package is that emphasis is given to the banking industry, real estate business, and the stock market. But there are concerned voices who fear that such measures will lead to a reemergence of a bubble economy. What is your answer to such concern?

[Hata] We do not mean to lean toward banking, real estate, and so forth, but as a result of the bubble's bursting, stock prices went down by more than 60 percent for a while. Even where real estate is concerned, prices have dropped not only in larger cities and towns but also in local areas. This means that institutions which lent money based on real estate as collateral have become uneasy. If the banking system becomes uneasy, money in the economy—or credit for general users—becomes scarce, and this causes uneasiness. This is the reason for our measures. But as you pointed out, we must watch out for a bubble economy as well as inflation. Commentators and academics say such things will never happen and we need not worry about it. We want to secure stable growth without seeing another bubble emerge, but still we need to watch out for excess.

[Sonoda] Work will soon begin to compile next year's budget. The government is in a tough situation financially. Given this, it has the difficult task of making ends meet. In relation to this task, even within the government and the Liberal Democratic Party, there are people who say the issuance of deficit-covering national bonds is unavoidable. As finance minister, what view do you have on the question of issuing deficit-covering national bonds?

[Hata] Deficit-covering bonds are aimed at procuring funds to meet many and various needs. My view is that the issuance of construction bonds is unavoidable to a certain extent, since money from the bonds will be used to build and improve the infrastructure for use by later generations. But then, even the situation regarding construction bonds is such that about 20 percent of the budget in that sector is used to pay for principal and interest on the bonds issued. I must say the situation is very tough.

If the question comes to deficit-covering bonds, it means that money can be used for any purpose, and this means there will be no way of putting a stop to it. Hence, I think we should refrain from issuing deficit-covering national bonds. Even in the party, there are some who say we should think about issuing bonds if all other means prove impossible. But the common view of the party is not that the issuance of deficit-covering bonds is desirable. I think the general belief is that we must be wary about issuing them.

Either way, the issuance of deficit-covering bonds will mean leaving debts for later generations to bear. I am one of those who grew up during the war. In those days, parents had to sell the clothes they were wearing to feed their children. That is how my parents took care of me. We will have to endure and persevere as far as we can.

The average age of Japanese people is getting higher. We have to be prepared for a society of longevity. Public works projects to improve the infrastructure of local areas also need to be carried out. Science and technology are also important. So, while we do these things, we will have to manage with a minimum of not so urgent and essential things. We will have to use money with an eye on the treasury. I must say this is an important time.

[Sonoda] It appears certain that tax revenues will not grow, but you are resolved not to rely on deficit-covering bonds?

[Hata] I am sure that we should be strict in refraining from issuing them. Once we start to issue them, we will go on extending their utilization. We cannot stop it spreading further. We must watch against that.

North Korea

Premier Departs for Nonaligned Summit

SK3108045392 Pyongyang KCNA in English 0441 GMT 31 Aug 92

[Text] Pyongyang, August 31 (KCNA)—Yon Hyong-muk, premier of the Administration Council of the Democratic People's Republic of Korea, left here today to participate in the 10th Non-Aligned summit to be held in Indonesia.

He was seen off at the airport by secretary of the Central Committee of the Workers' Party of Korea Choe Tae-pok, vice-premiers Kang Hui-won, Kim Tal-hyon and Chang Chol, and other officials concerned.

Indonesian Ambassador to Korea R. Muhamed Muharam Sumadipraja, and his embassy officials were present at the airport.

Third IAEA 'Irregular Inspection Team' Arrives

SK3108105192 Pyongyang KCNA in English 1043 GMT 31 Aug 92

[Text] Pyongyang, August 31 (KCNA)—The third irregular inspection team of the International Atomic Energy Agency (IAEA) led by section chief of the safeguard department of the IAEA Wily Theis arrived here today by plane.

U.S. Blamed for South's Economic Problems

SK3008064992 Pyongyang Korean Central Broadcasting Network in Korean 0028 GMT 29 Aug 92

[NODONG SINMUN 29 August commentary: "Colonial Governor-General's Arrogant Order"]

[Text] At a meeting hosted by a South Korean economic organization recently, U.S. Ambassador to South Korea Gregg babbled that South Korea must hasten market opening including its financial market. People view this as a brigandish order and arrogant action of a colonial governor-general.

Today the South Korean economy is facing ruin. There is no way out because of the U.S. pressure to open up its market and because of the authorities' economic policy of depending on outside forces. U.S. goods, moreover, are pouring in to make the South Korean economy a disgrace. They entrap with great misery the people's livelihood and pressure for more market opening. Where else can there be this kind of arrogance?

The more one eats the more one smacks one's lips. This is the colonial and plunderous nature of the United States which once again revealed to the world without fail that nothing is easier for them than sacrificing other people if it is to fill their own stomach. The graveness of the problem lies in that this kind of arrogance by the U.S. ruling class is being all the more strengthened by the nation-selling acts of the South Korean authorities.

Let us look at the U.S. pressure to open up the South Korean financial market. Recently in South Korea, stock quotations declined sharply and the stock market is now facing collapse. This is a result of the South Korean authorities yielding to the U.S. pressure to open up its financial market.

In November 1990 and May 1991, the South Korean authorities consecutively held a working-level meeting to discuss financial policies and carried out financial negotiations with the United States. They gave in to the demand of the their lord and master, allowing the U.S. security companies to penetrate the South Korean stock market. The greedy U.S. financial monopolistic capital took hold of the South Korean stock market and made it possible to make undue profits. The South Korean stock market, therefore, is repeatedly suffering and now faces the crisis of complete collapse.

People from various social strata in South Korea say that the recent collapse of its stock market is completely due to the current regime's incorrect economic policy. It is by no means a coincidence that they are denouncing the authorities who led the South Korean economy to a crisis of great misery, by widely opening up its market to the United States.

The South Korean authorities are currently making a fuss as if to find a solution to the destructive stock market crisis by calling for a measure to stabilize the stock market and so on. This is nothing but applying ointment to a chronic internal disease.

Opening up the South Korean market to the United States is driving all economic sectors and all other related fields, including the financial sector, to a state of crisis. For the first half of this year alone, trade, which is regarded as the lifeline of the South Korean economy, reached a deficit amounting to $4.958 billion. Also because of lack of funds and difficulty in sales, some 3,930 businesses filed for bankruptcy, and foreign debt is over $40 billion and continuously increases.

Because the South Korean authorities are submissively accepting U.S. demands to open up its market without complaint, the U.S. lords and masters are exercising arrogance and tyranny.

Only the South Korean people are ruined because of the brigandish secret intention of the colonial rulers. The rulers believe that everything is all right as long as their stomachs are full. The people are ruined because the South Korean rulers' treacherous nature of maintaining their position of cat's paw by making a good impression on their lords and masters even though the economy is ruined and the people suffer death.

As long as the U.S. imperialists' domination and plunder of South Korea continues and the group of traitors who prolong their despicable life by flunkeyism remain in power, the market opening pressure from the suzerain state will grow and the South Korean economy will be choked and the people's lives will become more miserable. The South Korean people will not let the colonial fascist rule by the U.S. imperialists' and their cat's paw grow unchecked.

South's Defense Appropriations, Exercises Viewed

SK2808153892 Pyongyang KCNA in English 1032 GMT 28 Aug 92

["Treacherous Act Against Nation's Desire"—KCNA headline]

[Text] Pyongyang, August 28 (KCNA)—The South Korean "administration" set the so-called "defence appropriations" 10.5 percent higher than this year's in a "draft budget" for next year which is said to have been transferred to a "consultative meeting" with the "Democratic Liberal Party".

Commenting on this NODONG SINMUN today says:

This is wholly contradictory to the spirit of the agreement on reconciliation, nonaggression, cooperation and exchange which was adopted and effectuated between the North and the South. This is an unpardonable treacherous crime creating one more obstacle in the way of improving the North-South relations and implementing the agreement.

The South Korean rulers, the analyst continues, do not have the least intention to fulfil their promise of nonaggression to us, but still seek only confrontation and war.

Actually, they are introducing latest military equipment including ground-to-air missiles from the United States and West European countries and, at this moment, are staging provocative "Focus Lens" joint military exercises together with the U.S. imperialists, which involve up-to-the-minute destruction weapons which were used in the Gulf war.

Facts irrefutably prove that the South Korean authorities are racing headlong along a criminal road of pushing the North-South relations back to the original point of confrontation and war, following outside forces, not the road of national reconciliation, unity and reunification.

The South Korean authorities must stop the arms buildup and discontinue at once their dangerous play with fire against the North, urges the commentary.

Measures To Expedite Investments Reported

OW2908072192 Tokyo KYODO in English 0654 GMT 29 Aug 92

[Text] Tokyo, Aug. 29 KYODO—North Korea is expediting legal preparations to induce investment from advanced nations, including measures to allow foreign enterprises to establish wholly owned subsidiaries, Japanese trading sources said Saturday.

The sources pointed out the possibility that Western nations may be lured depending on the contents of a law binding foreign investment.

North Korea, which pursues the old communist line, enacted a law allowing foreign capital investment in the country for the first time in 1984.

The country claims about 100 joint ventures between North Korean and foreign enterprises have since been launched, but the sources said nearly 80 percent of them involve firms run by pro-North Korean residents in Japan.

A French enterprise was the first to move into the North Korean market, launching a venture to build a hotel in the capital city of Pyongyang but later withdrew from the project before the construction was completed, the sources said.

Japanese companies have shown little interest in North Korea's move mainly because the country has so far been unable to settle commercial debts totaling 80 billion yen, the sources said.

They, however, said some Japanese enterprises are interested in high educational standards of the North Koreans and low wages equivalent to almost one eighth those in South Korea.

Chinese PLA Goodwill Delegation Departs

SK3108084692 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 25 Aug 92

[Text] A goodwill delegation of the Chinese People's Liberation Army [PLA] led by Song Qingwei, political commissar of the Jinan Military Region, returned home by plane today.

Yi Chu-ul and Yi Mun-sop, major generals of the Korean People's Army, and (Yin Guangdao), military attache at the PRC Embassy, saw the delegation off at the airport.

South Korea

U.S. Said To 'Pressure' on Purchasing Weapons

SK3108053492 Seoul KYONGHYANG SINMUN in Korean 31 Aug 92 p 1

[By reporter Yun Hung-in]

[Text] With the upcoming power transfer in the ROK, the United States has intensified its pressure on the ROK to purchase U.S. military weapons, thus creating a delicate stir in relations between the two countries.

Such pressure, in particular, is applied at a time when reducing defense expenditures is being discussed at home in harmony with worldwide dissolution of the cold war system. The people are very sensitive about the pressure.

The pressure to purchase weapons has been pertinaciously applied by the U.S. Embassy and by high-ranking officials of the U.S. Army in the ROK in such a manner as to exceed "general practices." This has displeased our government's high-ranking officials.

The main weapons that the United States wants to sell to the ROK are known to be offensive Apache helicopters and Patriot missiles.

A relevant high-ranking government official on 30 August said reports of U.S. pressure on purchasing Apache helicopters and Patriot missiles are true, thus admitting the pressure.

The ROK Government has not made any decision on weapons purchase. This notwithstanding, the United States, through its Defense Department, on 30 July unilaterally announced that it is planning to sell a total of $997 million worth of 34 Apache helicopters and 775 units of Hellfire anti-tank missiles to be installed in these helicopters. The United States, thus, represented the attempt to sell Apache helicopters to the ROK as an established fact.

In a bid to sell Patriot missiles which do not correspond with the ROK's practical situation, the United States put them on display during the 1992 Focus Lens ROK-U.S. joint military exercise which is ongoing from 19 August. The United States is waging propaganda activities that include explaining the functions of these missiles to reporters.

In addition to this propaganda campaign, the United States proposed that it will provide the ROK with an improved model [of missile] with a reduced firing range so as to cope with Korea's narrow land space that has a short operational radius. It will also furnish intelligence on a U.S. military satellite. The United States will link, if necessary, this military satellite with a U.S. satellite surveillance network and with the Patriot missile system. The United States is making "all efforts" for the sale of Patriot missiles to the ROK.

The relevant officials observed that the U.S. pressure on the ROK to purchase weapons is also designed to enable high-ranking U.S. officials in the ROK to attain actual results through the sales of weapons in the wake of the U.S. presidential election.

Meanwhile, Chongwadae [presidential offices] and the Defense Ministry reportedly said that the price of Apache helicopters is absurdly high compared to that of other competing models and that the review on the need for introducing offensive helicopters has not been completed. As for Patriot missiles, in particular, the price is astronomical. Securing the annexed equipment and operational specialists would be very difficult. Chongwadae and the Defense Ministry, as a result, showed disapproval with the purchase.

U.S. Memorandum With North Korea Viewed

SK3008055792 Seoul THE KOREA TIMES in English 30 Aug 92 p 6

[Editorial: "US, NK on MIA Problem"]

[Text] It is known that the United States is ready to negotiate and exchange a memorandum of understanding with North Korea on the return of the remains of U.S. servicemen killed during the 1950-53 Korean War.

Even though a U.S. proposal is expected to be conveyed to the North through the Military Armistice Commission (MAC) at Panmunjom, many see the move as a steppingstone for improving relations between the U.S. and North Korea.

North Korea has long insisted that Pyongyang and Washington open a direct channel to discuss the MIA (missing-in-action) issue. In May of last year when Pyongyang returned the remains of 15 American soldiers, it offered to conclude a formal agreement with Washington for continuation of the process.

The United States in the past has been sensitive and discreet when it came to the MIA issue on humanitarian grounds. It also gauged the sincerity of the other side and related this with any steps for improving diplomatic relations.

On the other hand, however, South Korea is suspicious of the North Korean move as a ploy to use the matter politically. Seoul and Washington agreed recently that any such agreement with Pyongyang can be signed only through the MAC framework.

Washington's proposed draft of a memorandum of understanding reportedly calls for joint North Korea-U.S. searches for the remains of the MIA and the establishment of a liaison office. And we can see the significance of the proposal, particularly its format.

While it is hoped that North Korea will respond to the latest U.S. proposal positively, at the moment there is no way of telling how the North will react in MAC meeting.

No MAC meeting has been held since late last year because of a North Korean boycott. Pyongyang refuses to recognize the appointment of a South Korean general who is the senior UNC [United Nations Command] delegate to the 1953 Armistice Agreement, even though the South attends the MAC meetings as a member of the UNC.

In the wake of Seoul's formal diplomatic ties with China, a staunch North Korean ally, Pyongyang may be inclined to accept the latest proposal and so it is hoped. The proposal will no doubt benefit all involved and concerned, and it is hoped this step will contribute toward the maintenance of stability on the Korean peninsula.

Foreign Minister on President's Visit to PRC

SK3008030892 Seoul KBS-1 Radio Network in Korean 0200 GMT 30 Aug 92

[Text] President No Tae-u is to pay an official visit to China on 27 September. During his visit, he will hold consecutive meetings with the top leaders of China such as President Yang Shangkun, General Secretary Jiang Zemin, and Premier Li Peng.

While appearing on 30 August on the KBS-1 television program "Our Problems," Foreign Minister Yi Sang-ok revealed that President No Tae-u will hold summit talks with President Yang Shangkun and also hold separate meetings with General Secretary Jiang Zemin and Premier Li Peng during his visit to China.

Minister Yi said negotiations are under way to hold a meeting with Deng Xiaoping, the supreme leader of China, but hinted that its realization is unclear because he has currently retired and has not appeared even when top foreign leaders visited China.

Minister Yi also revealed that the private-level agreements including the trade agreement and the agreement on guaranteeing investment, will be changed to government-level agreements as soon as possible. Efforts are also being made to conclude the aviation agreement. He stated that working-level negotiations are being continuously carried out with China so that some agreements can be signed during President No's visit to China.

Minister Yi said that in the upcoming summit talks between the two countries discussions will be held mostly on ways to develop future relations between the two countries, rather than focusing on past history. He hinted that there is a high possibility that discussions will not be held on apologizing for or making an official announcement expressing regret over the 25 June war.

Minister Yi continued: To bring about practical help in promoting ROK-PRC relations, negotiations are under way on increasing the number of permanent diplomatic and consular offices in both countries. He said our government notified China during the talks on establishing diplomatic relations that along with the embassy in Beijing, it is also willing to establish consulates-general in Shanghai, Shengyang, and Guangzhou.

Minister Yi said that scientific and technological cooperation and cultural exchanges are being actively promoted between the two countries. He said that this fall a traditional Chinese art troupe will perform in Seoul and the KBS orchestra will perform in China.

Minister Yi said it is very heartbreaking that we severed relations with Taiwan, but a private-level mission and high-ranking negotiating team will be dispatched to Taiwan soon to hold discussions on establishing an unofficial mission. Regarding the establishment of diplomatic relations between the ROK and China, Minister Yi said that our government had notified and explained to Taiwan in detail the content and level of negotiations for diplomatic relations. He said that he understands Taiwan's great dissatisfaction over the establishment of ROK-PRC diplomatic relations, but Taiwan should come forward to hold negotiations on establishing future relations.

PRC Assures Seoul of No Nuclear Help to North

SK3008093492 Seoul CHUNGANG ILBO in Korean 28 Aug 92 p 2

[Text] A ROK Foreign Ministry source said on 28 August that China had promised the ROK that it would not assist North Korea in any kind of nuclear project, including nuclear power plants as well as nuclear weapons development.

This source, who had participated in the process of the establishment of ROK-PRC diplomatic relations, said that the Chinese stated at the ROK-PRC foreign ministers meeting on 23 August and at previous working-level negotiations that China opposes the existence of nuclear weapons on either side of the Korean peninsula and that it supports the Joint Declaration of Denuclearization of the Korean Peninsula.

North Korea is 30 to 40 years behind the international level in atomic energy technology. Therefore, if China does not provide assistance to North Korea, North Korea may well face substantial difficulty in independently developing nuclear weapons. Russia, which had provided North Korea with nuclear technological assistance up to now, has stated that it would stop assisting North Korea in nuclear technology. The source revealed that China had persuaded North Korea to receive the inspection of the International Atomic Energy Agency. The Chinese also informed the ROK, according to the source, that if North and South Korea agree to conduct mutual inspection, China would support it, as well.

The Chinese said that all the present nuclear facilities in North Korea were built with the assistance of the former Soviet Union and that China had neither provided any form of assistance to North Korea nor would it provide any kind of assistance in the future, the source said.

However, it was learned that while the Chinese gave this assurance on the nuclear issue to the ROK, they did not make any positive remarks guaranteeing North Korea's abandonment of nuclear weapons development.

N-S Joint Nuclear Control Commission Meets

SK3108062492 Seoul KBS-1 Radio Network in Korean 0515 GMT 31 Aug 92

[By reporter Yi Kang-tok]

[Text] At the eighth North-South Joint Nuclear Control Commission meeting, the North and South negotiated major issues, including conducting mutual nuclear inspection, but they failed to reach any tangible agreement. The North and South agreed to hold a contact between the members of the Joint Nuclear Control Commission on 19 September shortly after the North-South high-level talks.

This eighth contact was held approximately 40 days after both sides failed to agree to draft regulations for the nuclear inspection at the seventh contact. Attention was, thus, focused on the change in the North side's attitude after the establishment of ROK-PRC diplomatic relations.

Our side claimed that to disseminate doubt concerning nuclear weapons on the Korean peninsula, comprehensive and thorough North- South mutual nuclear inspection should be conducted as soon as possible.

In a keynote speech, our side revealed that North-South mutual nuclear inspection is the only method to entirely disseminate the nuclear doubt which the North and the South share. Our side also revealed that without mutual nuclear inspection, no practical progress in the North and South can be made, including economic cooperation.

Our side said that it wants the North side to establish diplomatic relations with Japan and to improve relations with the United States. Our side added, however, that to this end, the doubt concerning nuclear weapons should be first disseminated through North-South mutual nuclear inspection.

The North side claimed regarding this that our side is delaying implementation of the basic agreement under the pretext of nuclear inspection.

Our side said that the issue of both sides' regulations on nuclear inspection should be reasonably resolved at today's contact. Our side stressed that the regulations on the North-South mutual inspection should essentially contain nuclear inspection based on reciprocal, no-holds-barred inspection. This would include civilian and military facilities and a special inspection wherein one side would receive inspection of the place the other side designates.

Results Reported

SK3108111092 Seoul YONHAP in English 1057 GMT 31 Aug 92

[Text] Seoul, Aug. 31 (YONHAP)—South and North Korean officials met at Panmunjom Monday to hammer out regulations on mutual nuclear inspections but failed to narrow differences on some major clauses.

At the eighth meeting of the South-North nuclear control joint commission, the two sides, however, agreed to prepare regulations on mutual nuclear inspections first and then tackle an agreement on implementation as North Korea suggested.

To work out the regulations, they decided to hold a commission members' contact on Sept. 19 immediately after the eighth South-North prime ministers meeting taking place in Pyongyang on Sept. 15.

The contact is to be attended by three commission members from each side.

"At Monday's meeting, North Korea seemed trying to make it appear that the South-North nuclear talks were going on smoothly by proposing, for instance, to adopt on a joint statement' on the results of the meeting," a South Korean official said. [sentence as received]

In a speech, the South's commission Chairman Kong No-myong stressed again that "unless there are inter-Korean nuclear inspections that can wholly dispel misgivings about alleged nuclear development by the North, there can be no improvement of inter-Korean relations nor any progress in the North's relations with Japan and the U.S."

The North, as in the past, maintained the North's nuclear "innocence" was clearly proven through recent inspections by the International Atomic Energy Agency.

Government Weighs Excluding Bases From Inspection

SK3008043692 Seoul YONHAP in English 0415 GMT 30 Aug 92

[Text] Seoul, Aug. 30 (YONHAP)—The government is weighing the possible exclusion of military bases from the sites to be checked in the proposed mutual nuclear inspections between South and North Korea.

A senior government official said Sunday Seoul's policy is to find a breakthrough in the deadlocked nuclear issue at the eighth South-North prime minister meeting slated for Sept. 15 in Pyongyang and embark on fullfledged exchanges and cooperation before the close of the year.

"To resolve the nuclear issue which has been the biggest stumbling block to the improvement of South-North relations, both sides will have to explore some compromises," the official said.

He said that to this end the Seoul government is thinking of putting aside the idea of checking military bases, an issue that has emerged as a matter of hot dispute in the discussion of the proposed nuclear inspections.

The official said that the government policy now is to inspect only nuclear facilities and materials during nuclear inspections, while promoting probe into military bases as part of confidence-building programs to be carried out later through the joint military commission.

"We expect there could be some breakthrough at the upcoming Pyongyang meeting as the North, too, may drop their demand for inspection of U.S. military installations in the South," he said.

One factor that has prompted the government to soften its stand was that the North's nuclear ability was found through inspections by the international Atomic Energy Agency not to be such that could pose an immediate threat, the official said.

Seoul Reports Nuclear Inspection of North

SK2908080292 Seoul YONHAP in English 0746 GMT 29 Aug 92

[Text] Seoul, Aug. 29 (OANA-YONHAP)—The International Atomic Energy Agency (IAEA) is expected to go to North Korea Aug. 31 for a 10-day third ad hoc nuclear inspection, officials said Saturday.

The IAEA had initially planned to conduct its first routine inspection on North Korea before its Board of Governors' meeting opening at its Vienna headquarters from Sept. 16.

The Agency and North Korea have been negotiating conclusion of a facility attachment which lists nuclear materials and facilities to be opened to routine inspection but could not reach a final agreement, the officials said.

The Board of Governors will review only the results of the three ad-hoc inspections at the September meeting, they said.

While the IAEA made public major parts of its first ad hoc inspection results, it withheld information from the second inspection.

The South Korean Government will wait until the eighth inter- Korean Joint Nuclear Control Commission (JNCC) session Aug. 31 to draw up comprehensive countermeasures, said the officials.

"Routine inspection can only inspect the items included in the facility attachment, but an ad hoc inspection can see everything North Korea listed in its initial report submitted to the IAEA last May which may be more effective in uncovering North Korea's intentions," one official said.

North Abruptly Cancels Business Meeting in PRC

SK3008063592 Seoul CHOSON ILBO in Korean 30 Aug 92 p 1

[Report by Pak Sung-chun from Beijing]

[Text] It was learned on 29 August that North Korea abruptly notified the South that it will cancel a large-scale South-North Korean businessmen's meeting which was being secretly promoted by the Korean Trade Promotion Corporation [Kotra] and North Korea's Taesong Trading Company. This meeting was to be held in early September in Yanji, the capital of the Yanbian Korean Autonomous Prefecture in China.

The ROK businessmen in Beijing who were to participate in this meeting said that North Korea one-sidely notified the South that it plans to cancel the meeting. They said that South and North Korea agreed to hold a large-scale businessmen's meeting to discuss concrete ways to vitalize economic exchanges in Yanji, right after celebrations marking the 40th anniversary of the founding of the Yanbian Korean Autonomous Prefecture ended. The celebrations are to take place from 31 August to 3 September. They also revealed that they had even already exchanged namelists of meeting participants.

The ROK businessmen said that the North side did not give a special reason for canceling the meeting. They observe, however, that the direct reason is that the announcement of ROK-PRC diplomatic relations on 24 August.

Originally 100 businessmen were to participate in the meeting under Kotra's and the North Korea Taesong Trading Company's supervision. It was decided to hold the meeting with just 30 businessmen in harmony with our request that 30 businessmen would be more practical when considering possibilities for actual progress in the meeting. Many ROK businessmen had already arrived in Yanji for the meeting.

Concrete working-level negotiations on adjusting items for South-North trade were to be carried out during the meeting by representatives of South Korea's main general trading companies and by North businessmen in charge of foreign trade centering on the Taesong Trading Company.

North Toughens Customs Checks at PRC Border

SK2908020992 Seoul YONHAP in English 0128 GMT 29 Aug 92

[Text] Tokyo, Aug. 29 (YONHAP)—North Korea has toughened customs checks on goods crossing the border from China in the wake of China's establishment of diplomatic relations with South Korea, the vernacular daily TOKYO SHIMBUN reported Saturday.

The Beijing-datelined dispatch, quoting a source in China's Jilin Province, said the measure seemed to be another show of displeasure with Beijing-Seoul rapproachement. North Korea has also slapped an entry ban on Chinese tourists.

A trade official in Jilin was quoted as saying that North Korea had replaced all its customs officials on the border right after diplomatic normalization between Seoul and Beijing and started to strictly apply regulations on cross-border travel that had previously been ignored.

The report said visitors were having everything not for their personal use seized by customs officials at the border.

Previously, North Korean officials tacitly allowed ethnic Koreans to bring clothes or food in and take out Alaskan pollack, sea cucumber or ginseng on their way home as the cross-border trade was a source of precious income, the source was quoted as saying.

Pyongyang issued border passage permits to Korean-Chinese once every three months to visit relatives in North Korea.

North Students Studying in China Scrutinized

SK3008064592 Seoul SEOUL SINMUN in Korean 30 Aug 92 p 1

[Report by Choe Tu-sam from Beijing]

[Text] North Korean authorities are selectively allowing students, who returned home during their break from studying in China, to return to China to continue their studies after carrying out close reexamination of their ideology and class origins.

A Chinese source, who is close to a North Korean student studying in China, said on 29 August that the North Korean authorities stopped students from leaving North Korea on 13 August to carry out various close examinations of them. This source said that the students were allowed to depart for China after they were scrutinized.

The source said that some North Korean students may have to discontinue their studies in China for the new semester and added that the North Korean students who have not returned to China are those who have not been allowed to return after being investigated closely. Another reason is that these students are being scrutinized extensively because there are some problems regarding their ideology and class origin.

North Korea's Economic Situation Discussed

SK2908121192 Seoul CHUNGANG ILBO in Korean 23 Aug 92 p 4

[From the "North Korean Economic News" column]

[Text] **Aircraft Flights Reduced**

It has been revealed that North Korea, which is suffering serious energy shortages, has recently requested Japanese enterprises to supply it with light oil (diesel engine oil) and that it is trying to import crude oil from Libya, Saudi Arabia, and Singapore in an effort to diversify its crude oil import sources.

According to the appropriate authorities, North Korea has sought to diversify its crude oil import sources since it ran into difficulties in importing crude oil from China, Iran, and the CIS, the major suppliers so far, because of a foreign currency shortage.

It has been reported that North Korea's energy situation is aggravated because of the low quality of Chinese crude oil, of which the energy efficiency level is about one-third of that of Iranian oil. The greatest amount of crude oil North Korea imports and uses comes from China. Due to the energy shortage, most plants in North Korea are not operating normally and fishing vessels are idle at harbors.

It has also been reported that North Korea has reduced the number of flights of its aircraft in international air routes and that it has increasing difficulty in flying charter planes for tourists between North Korea and Japan.

Hong Kong Ranks First as Intermediary for Both Exports and Imports

It has been revealed that China is coming to the fore as an intermediary post for the trade between South and North Korea, while Singapore's role as an intermediary post has been reduced.

According to the National Unification Board's general assessment of the South-North trade for the period from October 1988, when inter-Korean trade began for the first time, to the end of 1991, China was not used as an intermediary post for South Korea's imports from North Korea until 1991, when China was used as an intermediary post on as many as 26 occasions.

Singapore's role as an intermediary post was reduced from 14 occasions in 1989 to nine occasions in 1991.

According to records by countries, Hong Kong ranks first, with a record of 311 occasions of being used as an intermediary post for the South's imports from the North; Japan ranks second with a record of 78 occasions; and Singapore third with 30 occasions.

Meanwhile, for South Korean exports to North Korea, South Korea used Hong Kong as intermediary post most often, namely on 35 occasions, with Japan ranking second, namely on eight occasions.

As seen, Hong Kong has served as key mediator in South-North trade. This seems to have resulted from the fact that Hong Kong is a duty-free area and that many agents in Hong Kong, who used to be engaged in indirect trade with China, are now serving as agents for South-North trade.

Increase by as Much as 700 Percent

North Korea is accelerating trade with Southeast Asian countries, such as the Philippines, Malaysia, and Indonesia.

As a result, its trade with these countries is rapidly rising.

According to "The Trend of North Korean Foreign Trade" recently published by the Korea Trade Promotion Corporation, the total amount of North Korea's trade with the Philippines in 1990 was $6,898,000, an increase by as much as 713.4 percent over $848,000 in 1989. North Korea's trade with Malaysia in 1990 was $55,765,000, an increase by 400.6 percent compared with that in 1989.

The amount of North Korea's trade with Indonesia in 1990 shows a 96.1 percent increase over 1989, and that with Thailand shows a 50.1 percent increase during the same period.

North Korea's trade with Southeast Asia is rapidly increasing because North Korea exports a large quantity of cement and steel products to these countries, which are located relatively close to it, and imports many wooden and rubber goods from them.

In 1990, North Korea's largest trading partner was the former Soviet Union. Its trade with the Soviet Union accounted for 61 percent of its total trade in 1990. During the same year, North Korea's second largest trading partner was China (9.6 percent), followed by Japan (9.5 percent), Hong Kong (2.7 percent), Singapore (2.4 percent), and Germany (2 percent). The amount of North Korea's trade with these six countries accounted for 87 percent of its total trade.

However, these statistics lack accuracy to a degree because they were estimations taken from statistics obtained from North Korea's trading partners, since North Korea never discloses the actual results of its foreign trade.

Large Wharf Built in Nampo

North Korea is building a large wharf on the lower Taedong River in Nampo.

According to NAEWOE PRESS, this wharf is being built under supervision of the Sohae Port and Harbor Construction Station of the Port and Harbor General Bureau for the purpose of supplying raw materials to the "9 October Steel Works." A North Korean broadcast recently reported that builders mobilized on this construction "finished the ground work, which normally takes 10 months, in five months by the application of an advanced construction method and by intensively utilizing labor and mechanical means from the beginning." The North Korean broadcast also reported that the builders assembled seven to 10 building parts and elements and that the assembling of building parts and elements is near completion.

"The 9 October Steel Works" is a plant for the production of steel and rolled steel products being built in the Chollima Steel Complex, the largest steel production base in North Korea. Its construction started in December 1989 and is supposed to be completed by 1993.

Purchase of Airborne Early Warning System Sought

SK3108025092 Seoul YONHAP in English 0203 GMT 31 Aug 92

[Text] Seoul, Aug. 31 (YONHAP)—South Korea is seeking to buy pilotless reconaissance planes and airborne early warning and control systems to upgrade its early warning and airborne intelligence gathering capabilities.

The tentatively named Paektu-Kumgang special project was launched by the Defense Ministry in late July and is aimed at modernizing military intelligence gathering capabilities, a Defense Ministry source said Monday.

Under the Joint Chiefs of Staff and commanded by a brigadier general, the program also includes independent development and orbiting of a military satellite in case U.S. forces are phased out of South Korea.

DLP President's Acceptance Speech Published

SK3008070392 Seoul THE KOREA HERALD (SUPPLEMENT) in English 30 Aug 92 pp 1, 2

["Text" of 28 August speech in Seoul by Kim Yong-sam, Democratic Liberal Party president, on accepting party presidency]

[Text] My fellow party members.

In response to your high expectations and your show of affection and encouragement, I humbly accept the presidency of the Democratic Liberal Party [DLP]. I am grateful to you for choosing me as the party head in spite of my many inadequacies and, at this moment, am overwhelmed by a sense of momentous duty and obligation.

On behalf of all my fellow party members, I take this opportunity to pay tribute to Honorary President No Tae-u for his years of dedicated endeavors to develop our party as its top leader.

I have become the first purely civilian president of a governing party in 31 years. This means that an era of civilian government in both name and fact is beginning to unfold.

At this critical juncture, both the people and history demand change. The fact that the governing party has selected me, formerly an opposition politician who has long championed change, means, I believe, that our party has chosen to pursue such change.

Two and a half years ago, we launched the Democratic Liberal Party by merging three parties. I decided on the merger out of a single-minded desire to stabilize domestic politics which was adrift on rough seas, to promote national coherence through reforms and thus to lay the groundwork for grand national unity.

In integrating the various political groups with different backgrounds, we have experienced a good deal of intramural discord and conflict. But we have already put the past squarely behind us and are now united as one in resolving to embark on the road of change as demanded by both the people and history. I believe the public will heartily applaud our courage and hard decision.

My party colleagues,

Now that both the people and history demand change, the Democratic Liberal Party must change itself ahead of all others. From now on, you, my fellow party members, must be the genuine masters of our party. You have already selected the presidential candidate of the ruling party through free competition for the first time since the Republic was founded.

In the future, our party must accomplish intraparty democracy so that all decisions will be made from the bottom up. The Democratic Liberal Party must transform itself into a party of reform capable of harnessing the inherent capabilities of the nation and of taking the lead in working change. We must demonstrate that the governing DLP is more reform-minded than any other party that has ever appeared in the history of the Republic of Korea.

You must be the prime movers in shaping a bright and healthy homeland in this period of switchover from the 20th to the 21st century and in passing the new Korea thus built on to the coming generations.

To mold a bright and healthy homeland, we must first correctly grasp the reality that our society is fraught with problems. Public discipline has grown lax with the prevalence of a cult of money which proclaims that money can buy anything.

In the course of democratization over the past several years, authoritarian tendencies have greatly diminished. But to our chagrin, authority and order have also broken down. Ours has become a society in which subordinates do not respect their superiors and people cannot trust each other. Confused by conflicting values, young people are aimlessly wandering about. There is an increasing trend to indulge in excessive consumption, luxury and pleasure hunting. At the same time, class, regional and generational strife is deepening. Our environment continues to be polluted and destroyed.

All such phenomena may be diagnosed as the Korean disease. The public was once counted among the four dragons of Asia. However, it is now mired in an economic slump. Businessmen and farmers alike are losing their motivation to work. Housewives say they are afraid to go shopping.

Moreover, the nation is registering a balance of payments deficit for the third straight year, as our products are driven out of the world market by competitors from other newly industrializing countries. Many characterize the current situation as a political, social and economic crisis.

My party colleagues and fellow citizens,

I do not mean to downgrade the economic achievements of the successive governments and, in particular, the success in democratization and northern diplomacy under the Sixth Republic. I also acknowledge that our social ailments and economic stagnation are transitional phenomena incidental to rapid economic growth and democratic reforms.

And yet, nearly all our citizens feel that we must not let the situation remain as it is now. I agree. And I believe that all our politicians, including myself, are responsible for the current situation. I join all my party colleagues in vowing to tackle politics for the well-being of all with a full understanding of the plight and wishes of the people. Only then will it be possible to transform our politics, economy and society.

To that end, we need a strong government, a strong national leadership. We must get at the root causes of the Korean disease. If we are to restore the health of our society, we must carry out bold surgery to root out widespread injustice, deep-seated corruption and habitual improprieties.

We must forcefully counter acts of individual and group selfishness that disturb the public peace and order. We must see to it that women and girls can walk along the streets at night without fear and anxiety.

During the recent period of transition to democracy, it has been unavoidable to exercise leadership with tolerance and patience. However, the soon-to-be-born new government will not vacillate trying to pander to various sectors of society. This will be so because it will be a democratic government capable of acting resolutely and decisively.

A strong government and a strong leadership can only be provided by men of integrity and honesty. Only when the upper stretch of a stream is clean, can the lower stretch be clean also. The only property I own is a house in Sangdo-tong. I will not own any other property in the future, either. If elected, I shall retire to my same old house that will remain in the same condition in which it has always been.

We must remedy at least the following two ills without fail. One is the notion that money can be turned into power. The other is the opposite notion that power can be turned into wealth. These two mistaken beliefs must be eradicated. The ethical integrity of the national leader is the foundation for a healthy society and a healthy country. I shall put the highest value on ethical government.

Next, a strong government and a strong leadership are possible only when the process of gaining power is just. Power grabbed through illegal and unjust means cannot be truly effective. Real power comes from moral authority, rather than from the barrel of a gun or a heap of money.

I have no desire at all to be elected President through unjust means. I took the initiative in creating an ad ho committee in the National Assembly to get the election laws revised. This is because I want to compete in a fair and just fashion in the forthcoming election. I will campaign in a spotless manner.

The first thing that a government born in a clean fashion must do is to reform personnel administration. It is often said personnel administration is everything. Our current social ills and regional socioeconomic disparities have stemmed largely from unfair personnel management. Appointments and promotions must be based on competence and merits, rather than regional bonds, academic connections or nepotism. If elected, I will drastically reform personnel administration with the aim of promoting grand national unity. I will recruit talented people evenly from all areas of the country to form the best possible government. I will conduct grand politics to shape a new era of reconciliation and integration.

Our most urgent task now is certainly to revitalize the economy. We must rescue the dragon that has fallen into the swamp and free it to soar into the sky again. I will do everything in my power to turn around the economy and make it vigorously race forward again.

We are now faced with tough challenges internally and externally. On the home front, we can no longer count on an abundant supply of labor. In the world market, we see the tide of economic regionalism and technological protectionism rising. We will not be able to overcome the challenges with our old way of thinking and acting, with our old institutions and organizations. A revolution in thinking is required.

I believe that willing participation and creativity on the party of businesses and the general public are the key to economic revitalization. My view is that nowadays, businesses and the general public know better than the government what to do and how to do it. We must achieve a small government by minimizing government control and intervention. And yet, the small government must be able to effectively help businesses grow and prosper.

To make our economy healthy again, the triad of workers, businesses and the government must unite as one. We must ensure that honest hard work is duly rewarded. In that way, we must build an era in which everyone, whether rich or poor, male or female, powerful or powerless, will be able to work and live with dignity. Agriculture must also be developed into a competitive industry and must build a thriving rural Korea that will be a good place to live. We cannot overemphasize the need to invest in science and technology if we are to compete in the international market-places.

Consistency is important to all public policies. If policies are shifted around all the time, it is our farmers, businesses and citizens in general that will suffer. I have advocated "predictable government," because only when government policies are consistent, will businesses be able to make investment without anxiety.

The process of decision-making must also be clean and transparent. It must be severed from political and financial power. The term, "government-business collusion," must disappear from this land. Major national projects must not be swayed by regional or group selfishness. Project priorities must be determined based on both the best interest and available financial resources of the nation. In this sense, no political leader should make unfeasible public promises. When a strong and stable democratic government comes into being, the economy will gain viability and vitality of its own accord and will keep developing.

Fellow citizens.

After all is said, I believe the way to fundamentally cure our social ills is through education. First of all, we must cultivate good citizenship. That is to say, we must become hardworking democratic citizens who have a proper sense of order and discipline. Such education must start from very early childhood. Teenagers must be freed from the exam hell. Universities must be made into true centers of research. If and when our nation is armed with advanced science and technology, our future will be brighter.

We have a great many things to do. We must ensure that our sons and daughters can drink clean water and breath clean air. The almost constant traffic gridlock that so wastes resources and so irritates us must be done away with. All such endeavors are crucial to building a healthy homeland.

Fellow citizens.

I have discussed a vision of a healthy homeland. Our ultimate goal, however, is grand national unity. The changes now occurring in the situation enveloping the Korean Peninsula are creating conditions more and more favorable to that goal. With the normalization of relations with China, our northern policy has reached its apogee. Realizing that it is running against time, North Korea must now throw its doors wide open and step forward to the conference table. I am firmly convinced that unification will be achieved before the present century is out.

As far as unification is concerned, however, I will not make haste under the influence of the passions of the moment. If we make haste, we will very likely run into an excruciating process of trial and error that we may not be able to withstand. We need to make a sound and solid unification policy.

To prepare for unification, we must work out a development program for the whole of the Korean Peninsula and carry out an educational program to promote national homogeneity. We must also continually save to meet the cost of unification. Nevertheless, we must forcefully counteract the North's nuclear development program. I also think we must press for South-North dispersed family reunions and other exchanges of people on a priority basis. When we pursue unification coolheadedly in quest of substance, rather than form, our goal will be attained sooner than expected.

Fellow citizens.

What is most important at this critical juncture is for us to return to common sense and sound principles. Only when common sense and sound principles are upheld, and everybody does his part, will our society grow healthy and gain vitality and vigor. This is not a task for the government and leaders alone.

We must shape and era of grand participation in which everyone fulfills his proper role and does his part to the best of his ability. Only participating citizens have the right to demand the state do something for them. As long as I know I am fulfilling my duty, I will proudly ask the people to do theirs.

We must tighten our belts and buckle down to our jobs. Only when we do so, will we be able to open an era of responsible citizenship.

My party colleagues and fellow citizens.

Some point out that our citizens are now haunted by a strange sense of frustration and defeatism. As I have just said, the current situation is less than sanguine. But our worst enemy is this very attitude.

Any individual or any country is bound to face challenges. An individual or a country rises or falls depending on how challenges are met. Since I met the challenge of being elected to the National Assembly at the age of 25, I have been confronted with an almost endless series of political challenges for over four decades. I have experienced countless days of darkness and suffering. But I endured them without loosing hope, and took a plunge again without hesitation whenever an opportune moment arrived, thereby attaining my goals.

The Korean people have tremendous inherent capabilities. For example, Korea won the marathon at the recent Barcelona Olympics, and thus ranked seventh in the medal standings. The Republic has an ample inherent capability to leap into the ranks of the developed nations. United, the Korean people can do anything that they put their minds to. If elected President, I will see to it that every citizen will feel proud of being Korean.

From now on, I, Kim Yong-sam, will demonstrate change. Not through flowery rhetoric but through resolute action.

My two million fellow party members.

The moment of truth that will decide national destiny is now only three months away. Let us unite with one mind and one heart. Let us put forth all our energies to achieve the final triumph. Let us win with an overwhelming victory in the upcoming presidential election. In that way, we will endeavor to present the Korean people with the excitement of unification, the fruits of democratization, and the contentment of stable and decent lives.

Let us rise and join all our fellow citizens in making a new start. Join me, Kim Yong-sam, in these endeavors. We will triumph after all.

Thank you.

Brunei, Malaysia & Singapore

Malaysia

Troops Ready To Go to Yugoslavia if UN Requests

BK2908082892 Kuala Lumpur BERNAMA in English 0325 GMT 29 Aug 92

[Text] Kuching, 29 Aug (OANA-BERNAMA)—Malaysia's Defence Minister Najib Razak said Friday Malaysia is prepared to send its troops to Bosnia-Hercegovina if requested so by the United Nations.

"We can't afford to go there on our own because we don't have the capability," he told reporters on arrival here for a two-day visit.

He said Malaysia's involvement would be like any other nation called to serve under the UN banner.

Najib hoped for UN's intervention in the Bosnia-Hercegovina to end the Serbian atrocities.

"The UN has to consider military intervention to stop this," he said.

Strategy Planned To Promote Investments

BK2808142292 Kuala Lumpur NEW STRAITS TIMES in English 27 Aug 92 p 18

[By A. Rachel]

The government will adopt a seven-pronged strategy to encourage reinvestments and a greater inflow of capital, technology and expertise.

This will be done in the context of a liberal industrial and investment policy.

Malaysian Industrial Development Authority [MIDA] Chairman Tan Sri Zainal Abidin Sulong said this was necessary to ensure Malaysia's competitiveness as well as to meet future challenges in the world market.

He was speaking at the one-day Federation of Malaysian Manufacturers and MIDA briefing on "Opportunities for Business Collaboration in the Manufacturing Sector" in Kuala Lumpur yesterday.

The strategy includes broadening and deepening the industrial base to sustain the country's industrial momentum and industrial competitiveness.

New sources of growth like resource-based industries to reduce the country's dependence on the electronics and textiles sectors need to be promoted.

The second aspect of the strategy will promote more capital-intensive and technologically-sophisticated industries like automated manufacturing technology, advanced materials, biotechnology, electronics, and information technology.

These products stand a better chance of competing and integrating with the markets of the developed countries.

Other aspects are:

Promoting the development of intermediate and capital goods industries in an effort to reduce future imports of such goods; providing adequate infrastructural facilities; and encouraging human resource development to meet the demand of high-tech industries for specialised skilled workers. This can be done by encouraging the private sector to set up training institutes jointly with the government.

The last two aspects of the strategy are:

To encourage greater domestic investment by limiting foreign equity in some industries, and

Promoting industrial linkages between foreign and local companies as small local firms can benefit from the transfer of technology and skills, product upgrading, and market access.

He urged the private sector to take the initiative to meet the challenges of industrial and technological advancements.

"Local businessmen must modernise and upgrade their technology utilisation so as to be competitive enough to venture into the international market."

He said the businessmen must be bold and pioneering to venture into investments in new areas of industries for a higher level of value-added local products.

MIDA overseas centres will assume an important role in keeping track of changing economic trends and new developments taking place worldwide.

"This will pave the way for new policies to be formulated to tackle emerging challenges in the international arena."

Cambodia

Reaction to Proposed UNTAC Bill Reported

Khmer Rouge Reject Legislation

BK2808025792 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 27 Aug 92

["Opinion of His Excellency Khieu Samphan, head of the Party of Democratic Kampuchea and member of the Supreme National Council, about a bill drafted by the UN Transitional Authority in Cambodia for Cambodia"]

[Text] At a meeting of the Supreme National Council [SNC] on 24 August 1992, the deputy chief special representative of the UN secretary general proposed a draft bill for Cambodia. The bill, a lengthy and detailed document, states that any Cambodian speaking or acting against the Vietnamese will be imprisoned for one month to one year, fined one to 10 million riels, and forbidden from participating in elections for five years.

His Excellency [H.E.] Khieu Samphan told the SNC meeting that if the content of the proposed law is adopted, this means that:

1. The content will legitimize the presence of the Vietnamese aggressor forces in Cambodia. Those forces, disguised as civilians or the troops of the Phnom Penh regime, are currently conducting activities against the resistance forces on the battlefield.

2. The content of such a bill constitutes a coercion of the Cambodian national resistance forces [CNRF] and SNC into endorsing the Vietnamese aggression in Cambodia as a fait accompli and into recognizing the so-called State of Cambodia, Vietnamese puppet government, and Vietnamese puppet law in Cambodia.

3. The content also constitutes a threat to the Party of Democratic Kampuchea [PDK] and the entire Cambodian people, who demand that the Paris accord, specifically its two key provisions, be implemented correctly without bias.

H.E. Khieu Samphan added that the content of such a law will encourage the flow of Vietnamese settlers into Cambodia, thereby motivating the Vietnamization policy, because the significance of the law will fasten the limbs of the CNRF and the entire Cambodian people, who are opposing the Vietnamese aggressors of Cambodia. The flow of the Vietnamese settlers entering Cambodia is illegal and is regarded as a gross violation of Article 49 of the Geneva 12 August 1949 Convention on the protection of civilians during wartime. The convention forbids Vietnam, a country that has invaded Cambodia, from sending Vietnamese settlers to Cambodia, the victim of the Vietnamese aggression. The issue of the Vietnamese settlers should be solved at an appropriate time, but UNTAC is duty-bound to put an end to the act of aggression immediately. To proceed, cooperation with SNC is necessary. As such, we propose that SNC be entrusted with the power and necessary means as stipulated by the Paris accord.

H.E. Khieu Samphan also told the meeting that the Cambodian people, who are victimized by the Vietnamese invasion and occupation of Cambodia and who are under the threat of losing their nation because of the presence of two million Vietnamese settlers, will suffer from Article 57 of such a proposed legislation. If the law were adopted, this means that every Cambodian could be accused and punished at will and all the time for allegedly stirring up hatred toward the Vietnamese. Our Cambodian people and the CNRF, which have been disinterested and have made all kinds of sacrifices for the national liberation and the preservation of Cambodia, can never accept the Vietnamese aggressors as a court of justice that pronounces sentences against our people according to the content of the proposed law.

Availing ourselves of this opportunity, we would like to restate that we are categorically opposed to the electoral law, specifically the provision allowing Vietnamese to become Cambodian citizens and participate in the UNTAC-organized elections.

As for the draft bill for Cambodia, it is put forward by UNTAC in a situation where the problem of the two key provisions of the Paris accord have not yet been resolved. In such a situation, we are of the opinion that the bill should not have been presented for consideration, since if it is considered, this is tantamount to taking the tail to be the head or putting the tail at the head. In other words, only some of the accord's provisions have been implemented, but not the two key provisions. Only human rights and humanitarian issues have been considered, but not the Cambodian people's right to self-determination, which is the core issue of the Paris accord.

We hold that the issue of the law for Cambodia should be left for the consideration and sovereign decision of an elected national assembly without foreign intervention or coercion. In conclusion, H.E. Khieu Samphan pointed out that in view of the aforementioned facts, our PDK can never accept the draft bill for Cambodia.

Son Sann Comments on Legislation

BK2808032892 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 27 Aug 92

[Text] His Excellency [H.E.] Son Sann, president of the Khmer People's National Liberation Front, reportedly expressed his opinion concerning legislation for Cambodia drafted by the UN Transitional Authority in Cambodia at a meeting of the Supreme National Council on 24 August 1992. H.E. Son Sann pointed out that if the draft law is adopted, it would mean that any Cambodian who speaks out against the Vietnamese aggressors in Cambodia would be prosecuted. That being the case, he said he would like to ask for a place in the prison for himself as well, because he could never become inactive. He would continue to talk about the presence of the Vietnamese forces in Cambodia and to demand that the forces be removed from the country. Regardless, he said, he does not want to be put in the Phnom Penh jail, and would ask that a room in the French prison please be reserved for him.

H.E. Son Sann also questioned Mr. Sadry, deputy chief special representative of the UN secretary general, asking whether the content of the law is not aimed at arresting Cambodian nationals who oppose the Vietnamese aggressors.

Mr. Sadry did not answer H.E. Son Sann's question.

Hun Sen Reacts to KR Proposal in 28 Aug Speech

BK2908093792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 28 Aug 92

[Text] On the afternoon of 28 August at the Russian-Cambodian Institute of High Technology, a ceremony was held to close the 13th national education congress for the 1991-92 school year after four days of work. This ceremony was held under the lofty chairmanship of His Excellency [H.E.] Hun Sen, vice chairman of the Cambodian People's Party [CPP] Central Committee and chairman of the Council of Ministers.

Among those also honoring this closing ceremony were Prince Norodom Chakkrapong, member of the Standing Committee of the CCP Central Committee and vice chairman of the Council of Ministers; Im Chhunlim, member of the CPP Central Committee and education minister; Dr. Yim Chhaili, member of the CPP Central Committee and health minister; Hang Chuon, member of the CPP Central Committee and culture minister; ministers and deputy ministers representing various establishments; and all 21 provincial and municipal representatives.

For four days, the meeting vigorously discussed many issues and exchanged experiences making the current congress achieve great success. The meeting also examined a number of remaining issues, made some changes, and put forward many important measures aimed at enabling our education to achieve better results in the coming 1992-93 school year.

At this solemn event, H.E. Chairman Hun Sen made a profoundly significant address which our radio would like to present in its entirety.

[Begin Hun Sen recording] Prince, Excellencies, ladies and gentlemen: Over the past four days, the 13th national education congress went on actively with efforts made to sum up and evaluate the educational work in the past year and set new directions for the new school year. On behalf of the Cambodian People's Party [CPP], the State of Cambodia's Government, and in my own name, I would like to express my deep appreciation of the achievements of the Education Ministry and all provinces and municipalities in the 1991-92 school year. These are results in favor of the social and national gains over the past 14 years. They are a point of common pride for the educational staff and cadres, the CPP, as well as the entire Cambodian people.

On this occasion in this congress, we have noted that there are many outstanding units and achievements, along with progressive individuals in the emulation movement. On this occasion, on behalf of the party and government, I would like to express admiration for the success scored in the past. In this sense, I would also like to express admiration for the educational cadres and personnel, professors, and teachers, local authorities, social organizations, parents, monks, and all strata of people who have braved and overcome difficulties in serving the increasing educational demands of our people's children in accordance with the political policy of the CPP and the State of Cambodia's Government. I would also like to express thanks for the precious assistance of compatriots abroad, friendly countries, international organizations, and various nongovernmental organizations, for their active contributions and their many plans to provide assistance to the education sector in the future. Among these, I would like to additionally inform our congress that following the international conference in Tokyo, assistance worth $880 million was granted for the immediate restoration of Cambodia. A number of countries have moved quickly to assist Cambodia. Among these countries, France is the country which has moved fastest. Even at this institute, following the withdrawal of the former Soviet Union, France has come to the assistance of this institute. Many other schools, including a new school in Kompong Cham Province, are being assisted by France. UNESCO, after realizing the great assistance [words indistinct], has put forward plans to assist the education sector, including over $40 million for 1992-93.

Myself, Prince Norodom Chakkrapong, who is the deputy prime minister in charge of education, and the education minister have met with UNESCO officials who presented these plans to us. UNESCO's plans have already been accepted by His Royal Highness Prince Norodom Sihanouk because what the samdech needs is immediate all-round assistance to the Cambodian people. For our part, we have determined that these are good plans and are in accordance with what we are thinking. Earlier, we held a national conference on education for everyone, which was attended by many UNESCO officials. Through UNESCO studies, we have seen that the drawing up of plans to assist Cambodia is appropriate with what we are doing.

However, I do not yet know whether these plans will materialize because I was greatly surprised when I and the education minister met with the UNESCO officials who presented the plans to us. They specified to me that they have discussed the same plans with the leader of a party. This party leader praised UNESCO's plans but in the end rejected them, stating in effect that providing this aid would benefit only the State of Cambodia. I was very surprised by this and have many doubts about the so-called national reconciliation spirit and the consideration given to the Cambodian people. I do not understand why this party leader, who has repeatedly talked about love for the nation and people, has rejected UNESCO aid plans, which go into the education and culture sectors. I do not at all understand this. If we can improve education quality and expand educational establishments, and schools, perhaps the benefit can go straight to the Cambodian people and the entire Cambodian nation; this is not a separate benefit for the CPP and the State of Cambodia.

I do not at all understand this party's objection to aid. I do not need to name this party. Last year, it appealed for aid but said this aid should come after the election. This is comparable to a doctor telling the patient: You must suffer for the time being; when I win the election, I will give you injections. And it is not sure that this party will win in the election. Now the international community has decided to provide an unusually large amount of assistance. According to the original appeal by the UN secretary general, only $593 million are needed. However, at the Tokyo conference $880 million were pledged.

Through this aid program, international organizations have drawn up plans to provide assistance to Cambodia. I am not surprised by the Khmer Rouge's objection because, apart from destroying, they do not know anything else. Now they continue to oppose aid. However, I do not understand those who talk about having pity for the Cambodian people and then oppose UNESCO plans for assistance in the educational and cultural fields and say that this aid benefits only the State of Cambodia. I do not need to mention the name of these UNESCO officials. They certainly will take responsibility for the statements they made and heard from this party leader.

Thus, when I express thanks to various countries and international organizations that have assisted and planned to help us, I would like to stress this point. If these plans were adopted to provide aid to Cambodia, perhaps they would improve the quality and efficiency of our education in the 1992-93 school year and so develop human resources, which we especially need. However, it is regrettable that to this day these plans have not yet been adopted.

Beloved presidium and congress, all the efforts in the past and the targets of future activities of the education ministry, as pointed out in the resolutions and recapitulative report of the meeting, not only show our spirit of responsibility in promoting and improving education quantitatively and qualitatively, but also link the CPP's political platform to the common task of the country and nation, which are going through the transitional period to implement the Paris agreement.

We have been working on this point. The education sector is not a separate field. It is actively contributing to the process of implementing the peace agreement leading to the end of the war and to national reconciliation in Cambodia. What we have been paying attention to—solving education problems for children of repatriated persons even without international aid—shows our spirit of responsibility toward achieving national reconciliation in Cambodia. Concerning the implementation of the Cambodian peace accord, I think that leaders in the educational sector, teachers, professors, and students are resilient and are looking forward to the implementation of this agreement and the fate of the accord. This is true.

Worries and even despair over the implementation of the Cambodian peace agreement are gradually setting in among our people and intellectuals. Generally speaking, they are closely monitoring this situation. I would like to take this opportunity to inform the meeting that the accord has been implemented for 10 months so far. This period, we should first of all realize, has been a victory for peaceful forces. We have not allowed this peace process to be a hostage of the Khmer Rouge. The Khmer Rouge's biggest goal is to completely destroy the agreement. So, to overcome this and avoid playing the Khmer Rouge game, the State of Cambodia side, a major party, has agreed to implement and fully cooperate with UNTAC [UN Transitional Authority in Cambodia] to save this accord from being deadlocked and falling in with the Khmer Rouge gameplan.

It is true that in the implementation of the agreement, all parties should equally and simultaneously implement the accord. However, to this day, whether one wants it or not, the process to implement this accord has encountered difficulties, complexities, and instability because in the process there are parties that do a lot, those who do a little, and those who do not implement the accord at all. Therefore, a political solution will now certainly face problems. A political solution requires that all sides implement all the clauses in the agreement. But to this day, the Khmer Rouge have not only done nothing but have also violated the accord. At the same time, some political parties have used the Khmer Rouge as a counterweight to weaken the State of Cambodia. This is a problem in the process of implementing the accord. It is one to do with power because these parties realize that their rival in the forthcoming election is the State of Cambodia. Therefore they have to make an alliance even with devils in order to weaken their opponent in the election. However, they do not realize the danger this causes to the entire Cambodian nation.

Most importantly, what I want to talk about is the fact that the Khmer Rouge have not implemented the agreement at all and have even violated the accord. So, the situation has greatly lost stability. The other day, at the SNC meeting, I suggested that UNTAC should be aware of the continued implementation of the agreement because one cannot force one side to do a lot with onother party doing a little, and other parties doing nothing. Otherwise, the situation could be deadlocked. Khmer Rouge military activities continue; the situation is not yet stable.

Thus, our stance is that we fully agree with all the principles stated in the Paris agreement, but what we want is the equal and simultaneous implementation of the agreement. Before moving to the next step, the previous step should be examined as to whether it was made equally. This is the point I raised with UNTAC. Why did I make this point?

Many of our officials have started to worry; not just officials but also a number of the people because they see that only the State of Cambodia is implementing the accord while others do or do not do so without any consequence whatsoever. This has led many officials to ask me who the negotiator and leader of the implementation of the accord is. They want to know where Hun

Sen goes from here while other parties are not implementing the accord. Therefore, aware of this concern of our officials and people, I raised this issue at the SNC meeting. This is a complex issue.

I would like to inform you right now at this conference that beside the failure to implement the accords, there suddenly is a political and diplomatic move that runs contrary to something, not just the accords but the prevailing atmosphere. The current situation finds all of us in the phase of implementing the Paris accords and not in the phase of negotiation. So it is shocking that some countries have taken the initiative of putting forward something that is essentially outside the Paris accords and raising it in talks with the Khmer Rouge. Today, I would like to present the official reaction of the State of Cambodia [SOC] faction to such a proposal. First, in the name of the SOC Government and SOC faction, I would like to stress that we cannot accept an attempt to convert the phase of the Paris accords' implementation into a phase of negotiation to prepare a new agreement. The second phase of the cease-fire is already more than two months old. It is the vital phase for the success or failure of the Paris accords. Therefore, one cannot turn this phase that is being implemented into one of negotiation.

In Bangkok yesterday there were tripartite talks between Thailand, Japan, and the Khmer Rouge. We would like to stress that this does not conform with the circumstances. After spending 10 months implementing the Paris accords, we cannot return once again to negotiations. And His Excellency Akashi, special representative of the UN secretary-general, during the meeting in Siem Reap on 5 August also stressed that UNTAC cannot go into negotiations on the dissolution of the existing administrative structure. This is about atmosphere. Essentially speaking, the SOC would like to clearly stress that it cannot accept anything that is not provided for in the Paris accords. I have informed the Japanese officials twice about this matter. I told them that it was outside the Paris accords. They wanted to set up a lower council below the Supreme National Council. Just trying to have the National Council is difficult enough. Now they want to set up a lower council. What next?

At the same time, it has been learned that the Khmer Rouge made a proposal on setting up a consultative committee within the existing administrative structure. The Paris accords do not mention such a committee. This is our official reaction and we refuse to discuss such an issue, for it would be a waste of time. On the one hand it would be a waste of time and on the other it would be playing into the hands of the Khmer Rouge. The Khmer Rouge would take advantage of such negotiations to delay their participation in the second phase of the cease-fire. And I really do not understand this point. I have heard that the Paris cochairmen and the other countries are not happy with the Thai-Japanese proposal in their negotiations with the Khmer Rouge. Why was the proposal put forth? This morning I met with the French secretary of state and the Canadian ambassador to the United Nations. I wondered: If Japan, Thailand, and the Khmer Rouge really agreed with one another, how then will they settle it with the Paris international cochairmen, with UNTAC, with His Royal Highness Prince Norodom Sihanouk in his capacity as the SNC chairman, and with the SOC faction? And what will they do if the SOC faction opposes it? When the Khmer Rouge oppose the Paris accords and violate them, no one dares to do anything to the Khmer Rouge. If the SoC opposes something that is not even mentioned in the Paris accords, what will they do to the SOC?

So, in this sense, we cannot play the Khmer Rouge game. The Khmer Rouge will use this negotiation not to enter into the cease-fire's second phase. And this would completely undermine the implementation of the Paris agreement. On top of this, if such a proposal has been included in the Paris agreement, it would set a bad precedent for others to demand that the Paris agreement be altered. I will not use this tribune closing the educational conference to affirm the SOC stance on the process of implementing the agreement. However, I think that all of you, teachers and officials, have closely followed the implementation of the Paris agreement because this is common destiny.

So, on this issue, what is important is not renegotiating a new agreement but continuing to implement the agreement. And this should be done equally and simultaneously. In the event the Khmer Rouge refuse to do so, there should be a clear stance toward the Khmer Rouge. Should the Khmer Rouge be allowed to carry on this kind of activities until completely destroying the agreement? This is the problem.

No clear attitude has been adopted toward the Khmer Rouge. It is true that some views have been expressed by officials in this or that country, and even by UN officials concerning an election without the Khmer Rouge or the use of force to compel the Khmer Rouge to implement the agreement. But no decision has been made yet as to what measures to adopt. One should adopt a clear measure in order to solve this problem; otherwise, those who implement the agreement will become victims of the Khmer Rouge violations. The Cambodian people cannot accept this.

Our implementation over the past period was most sincere. If we had not cooperated with UNTAC, what would have become of the agreement? If the Khmer Rouge refused to implement it, and we used that pretext to do the same, this means that we are playing the game of the Khmer Rouge who want to completely destroy the agreement.

This is why we have provided support to UNTAC operations and cooperated in the implementation of the agreement to prevent it from being deadlocked. However, signatories to the agreement should equally and simultaneously implement it, for example, in the control of civilian administration or finance.

Although it has not revealed it, UNTAC has already taken one step in checking the finance of the SOC. The other day, I proposed that UNTAC also carry out the same check among other parties and other sides. How can there be expense if there is no income? The sources of the income should be found out so that Cambodia can hold an election free from the influence of foreign money—which could be tantamount to foreigners' policy. We do not demand much. We only demand that things be done equally and simultaneously, no more no less, concerning the Paris agreement.

On this occasion, I would also like to inform the prince, excellencies, ladies and gentlemen, about the SOC proposal suggesting that the presidential election be held before the election to choose a constituent assembly. What are the reasons leading the CPP and the SOC to put forward such a proposal? There are many reasons, but a number of important reasons should be taken into account.

What is most important is stability during the final phase of the transitional period and after the election. This issue has to be considered because the Paris agreement has not stated whether the presidential election should be held before, at the same time, or after the election to choose a constituent assembly. In other words, the agreement has not pronounced on this at all.

Based on past implementation of the Paris agreement, we have anticipated the situation and realize that ensuring peace and stability in the final phase of the transitional period is very necessary for us. Such a guarantee can be offered only by His Royal Highness [HRH] Prince Norodom Sihanouk, who has full competence to rally all political forces and all strata of people around him. And even if there are crises after the election of the constituent assembly or once an aseembly has been set up, the Cambodian people by then will have a legitimate president or head of state who has full authority.

Where is the problem? I would like to inform you that according to the agreement, following the election of the constituent assembly until the adoption of a constitution when the constituent assembly becomes the national assembly, the time frame is three months. During these three months following the election, it seems that the SNC will no longer be there. And during the three months, we cannot predict what will happen because by that time, various political parties would have representatives in the National Assembly, unlike the way it is now when they are separated. Once a new government is set up, it is not sure that this government will be stable enough to organize a presidential election afterward. So, during the three-month period between the election of the constituent assembly and the establishment of the new government, the samdech would have no role. And from the time there is a new government to the presidential election, the prince will also have no role.

In such a situation, if there is an eventual crisis, Cambodia would face great problems. I would like to speak frankly. The situation in Thailand last May increases our concern over this issue. In Thailand, during the crisis in May, the real savior of the situation was the king. After the election, no one political party has enough votes to form a government. Alliances were made among parties to set up a government. One after another, a prime minister designate was opposed. Thus there was a crisis. In the end, it was the king who really solved the problem.

For us here, the role of the samdech is one providing real stability for the Cambodian people. Therefore, to ensure that the president has full authority and serves as a support for the nation and the people in whatever circumstances, we have put forward the proposal to elect the president or head of state before the election of a constituent assembly. All of you know that earlier our party and state supported the candidacy of HRH Prince Norodom Sihanouk. If we have a president or head of state as the main pillar, we can certainly go through all kinds of difficult situations. This is the most important basis for putting forward such a proposal. Because if we wait for the presidential election until after the election of the constituent assembly, the situation would face problems. If there were a crisis, Samdech Norodom Sihanouk would have no role in solving any problems. There are many reasons, but the most important is that of stability for our nation and a core to rally the nation.

We should realize that in our country it is not only ending the war that matters. More important than this is national reconciliation to build the country because the war of more than two decades has split the Cambodian people. In this rift, Cambodia should have a leader who is capable of rallying the people's forces and political parties. We have the leader already. The thing is to enable this leader to have real and legitimate power which could be the support for the country, nation, and people. Therefore, there is only one way, that of holding the presidential election before the constituent assembly election. It is a president directly elected by the people and not by the National Assembly. It is an election expressing the people's confidence.

It is true that this kind of proposal would raise, in terms of the Paris agreement, some problems. I would like to say that the agreement did not specify the election time—whether it is before, at the same time, or after. If it does not say, this also means that it does not prohibit it.

This is up to Cambodian parties to agree among themselves in order to proceed. According to research which has been conducted, holding the presidential election before the constituent assembly election does not affect the normal process of implementing the Paris agreement. This would mean holding the election to choose a constituent assembly later on. The fact that the Cambodian people can select their leader, and more importantly HRH Prince Norodom Sihanouk, would greatly help the implementation of the Paris agreement and help ensure stability in Cambodian society. This is a point which the Paris agreement has not discussed.

Therefore, if there is a consensus among Cambodian parties and among political parties in Cambodia, this election can be held. Of course some lawyers or some people would raise the legal aspect. Just now I was talking about the aspect relating to the Paris agreement. It does not contradict the Paris agreement. However, if we can do it, it might help in the implementation of the Paris agreement and provide a victory for the Cambodian people themselves in the national reconciliation process.

However, concerning the legal aspect, one can say that this is not legitimate because there is no constitution yet to determine whether the post of president should be elected by the National Assembly or by the people. This is a legal point which could be raised by a number of persons.

In my view, this problem can be solved in Cambodia. The Cambodian problem is a very special one, one which is very rare in the history of the world's conflicts. In Cambodia, it is different from others since the Paris agreement does not talk about the presidential election. Now the question arises: If there is no constitution to determine whether the post of president should be elected by the people or the National Assembly, how should the problem be solved? The problem lies with the people. The people are sovereign; they represent the nation's full power. If the election can be held and the people genuinely take part in it, this is legal. At that time, the election would produce two types of results: 1) a president or head of state would be elected; 2) a result would be obtained as though it was from a referendum determining that the process should be written into the constitution—that the post of president should be elected by the people because the people took part in the election then.

It is true that this legal conflict could arise; those who raise this legal aspect can always find grounds for it. However, this matter can be resolved through the people. If the people agree to vote for HRH Prince Norodom Sihanouk, on the one hand, he would become a legitimate head of state or president of the whole of Cambodia; and on the other, this result would confirm that the post of president or head of state as one directly elected by the people and not the assembly will be written into the future constitution.

I am just talking about a number of major points on why the SOC has proposed that the presidential election be held before the cosntituent assembly election. The main factor is stability and national reconciliation. Legal agreement could be found concerning this issue. The major factor is agreement among Cambodian parties. It is true that generally the people would support HRH Prince Norodom Sihanouk's candidacy and want him to be Cambodia's head of state or president.

We are waiting for reactions from various sides and political parties, to whom we would like to make this appeal. They should respond to our proposal in order to hold the presidential election before the constituent assembly election to clearly guarantee that Cambodia has a legitimate president with full power to serve as the support for the people, the country, and the nation, and as the core for rallying political forces and people, even in the event of major or minor crises, in order to lead the country into an era of peace, national reconciliation, and national reconstruction.

All this relates to the implementation of the Paris agreement and some of its points. Faced with this situation, what should we do in the educational sector to contribute to the implementation of the Paris agreement and national reconciliation as well as national reconstructuion? We should continue to implement the Paris agreement by working together to maintain and defend social stability; adhere to work discipline; ensure security and social and public order; unite in defending social and national gains; and absolutely prevent the recurrence of the brutal disaster of the years 1975-1978. We should consider that doing one's work well is to provide a major contribution toward a definitive implementation of the peace process, which is the persistent aspiration of the Cambodian people.

In the specialized field of education, I fully agree with the direction the current educational congress has adopted for implementation in the 1992-1993 school year. Among these, the meeting should pay attention to two major issues.

1. Strive to pool forces to concretely implement the principle of education for all, adopted by the national conference. Strive to gather school-aged children to study in primary schools and complete secondary education. Strive to eradicate illiteracy and the phenomena of falling back into illiteracy among the people. Along with this, pay attention to solving the educational needs of children of repatriated persons and the educational needs of students abroad who return home before completing their studies.

Solving the educational needs of children of repatriated persons while the international community has not yet provided assistance to expand schools or educational buildings is a new burden to existing difficulties. However, we cannot wait. Therefore, we have to do our utmost to accept students and enable them to continue their studies and to accept school-aged children for enrollment in schools. This is also our state responsibility in national reconciliation, to which I call the attention of all localities in order that they might work things out efficiently .

On this point, I would like to stress that a few years ago, I made a proposal to the UN High Commissioner for Refugees [UNHCR], and then to UNESCO. I informed them that without a doubt refugee repatriation would be a new burden on top of old ones for us. In education in particular, the UNHCR and UNESCO should assist in expanding schools or buildings because of the capacity of our schools. In the past, at some places, the number of students accepted was way above the pedagogical limit. There are now 70, 90, 100, 130, or 120 pupils in a class. This is far to many. When our compatriots are repatriated, they will face problems with classrooms or schools.

However, I would like to stress that these organizations have financial problems. So far, there seems to be nothing substantial in terms of assistance. On top of this, leaders of some parties have already objected to UNESCO's plan to provide $40 million in aid. These people also claim that they are nationalists. The repatriated people are from camps these leaders used to control and yet they still object to aid. Thus, can we wait for the international community to help build schools and expand classrooms? No, we cannot.

Therefore, localities should really pay attention to this issue. Most important are the children of those repatriated compatriots. Primary and first level secondary education are most important. The majority of the children are in this category. Therefore, no matter how difficult it is, all localities should strive to cope with this. I have informed UNESCO, UNICEF, and UNHCR that it is not good if the children of local people can get education and those of repatriated compatriots cannot. Psychologically, it is very bad. It is as though there is discrimination between locals and returnees. This situation is not good for the national reconciliation policy and from the psychological viewpoint.

So, nothing has been expanded. Be that as it may, we should make efforts ourselves. In the recent past, our people, with the assistance of party and state and of compatriots from abroad and nongovernmental organizations, have been able to expand some buildings. The repatriated refugees are not all at the same place; they are scattered over many places. Therefore, if a school can take an additional 10, 20, or 30 pupils, it may be a bit difficult but not beyond our capability. Therefore, we should strive to create conditions for our repatriated relatives to go to school. If in the camps they were in the fifth form and ready to go to the sixth, let us do it. Another thing. If they were five years old over there, and now after repatraiation, they are six, at school age, we should make efforts to enroll them. We should be responsible for this. We do not discriminate among refugees or those coming from this or that place. No, our policy does not have this discrimination. Thus, in general, our education sector remains the same. Enroll pupils in schools.

Regarding higher education, it is normal that students go through exams, the same way as students inside the country. There is no difference. The entrance procedure is the same. The main thing is the points students score. For those at lower levels of education—primary and first-level secondary education—it is not difficult. Suppose the students are in the fifth form; if they cannot follow when put in the fifth form, they may go back to the fourth form. This is a concrete example. It is not difficult.

There is no need to set up evaluation committees to assess degrees. There is no need to complicate things. Earlier, there were reports about setting up evaluation committees. There is no need. Let it be free. Only in higher education, students should go through exams because there are many students nationwide. These should go through exams. However, for the first level of secondary education and primary education, there is no need for exams. They will realize this. If they are in the third form and enroll in the seventh form, how can they cope? It is obvious. In this case, there is no problem. Our problem lies in the fact that in areas with repatriated compatriots, we should strive to make room for these relatives in schools. This is an order of the government to which attention should be paid.

Another point concerns the return of students studying abroad who were beneficiaries of scholarships and returned before completing their studies. This is a burden for us. At every meeting I say we are poor while our houses have also been burnt down. It is really hard. Now, let me inform you, we have to provide assistance by sending money to our students studying abroad. For instance, at the Chamka Dong school Soviet teachers were immediately withdrawn. We have to bear the burden. It is very hard. We are facing hardship here and our students abroad are receiving a small grant and do not have enough to eat. We therefore have to send money to help them. It is not much but it alleviates the hardship.

Now there is a potential problem; in fact, it has already occurred and will continue to occur. It concerns our students returning home before completing their studies. The reason is the former Soviet Union is facing problems. Our students who went to the Soviet Union were sent to various states. In some of these states there is fighting going on. So our students fled; some managed to get to Moscow. So these students have to return home before completing their studies. We, here, should also make preparations to include these students in higher education, once they return, to complete their studies in the country. The various countries involved did not do this to us deliberately. We should understand these countries and their situations. We also should not let our students, who have completed three years and only have one or two more years to go, return with no place in schools. Therefore, we should strive to solve this problem.

It can be said that next year, our higher education will have an additional 50 students or so. There will be maybe 1,000 students at the beginning of the year, but this might rise to 1,050. This is a problem we should solve.

Another issue connected to this problem is this: I have learned from the Education Minister that at this congress it was proposed that the National Committee Against Illiteracy be changed into one of Education for All.

Before I came here my view was that this is a most reasonable request. If we can carry this out, perhaps we will have more strength. The Education Ministry will further discuss this issues. I think this can be achieved because at the moment we are not fighting only against illiteracy; we have many problems. Now we have to face the problem of those who have fallen back and become illiterate again. Thus, if we can solve this problem—namely changing the committee into a National Committee for Education for All—this would be going back to the subject we have previously discussed. So this would encompass everyone, including the elderly and all other fields. This is my initial reaction as chairman of the Council of Ministers. I think such a proposal is appropriate for the current situation. We would put this committee under the subject we have already studied at national conferences. We are not working separately and are fighting only against illiteracy. There are many more tasks for this committee to carry out.

Second, strive to consolidate the quality of education in every field and at every level, particularly at the primary education level, which is the primary source for training a labor force to develop the economy.

According to the new pedagogical doctrine, education is a major investment in developing society, the economy, the country, and nation. To do this, the level of education should be high along with a link between theoretical and practical knowledge; in other words, an education linked to production, so that students can perform a job after finishing their studies.

In sum, an increase in the quality and success of education is necessary for building good persons, good citizens, and good workers appropriate to the level of social and national development, and for linking this to the level of development in the region and the world.

The request to raise our educational standards in the current phase should involve the following: continue to improve school programs and textbooks with sufficient organizational structures. Along with raising teaching standards, conditions for teachers, and conditions for equipment and material basis appropriate for teaching, you, teachers, and those in charge at all levels should pay attention to strengthening the internal factors of teachers by encouraging teachers to increase their cultural and vocational competence in every way in order to gradually respond to the rapid development of the country.

All these are issues facing us in the immediate future within the educational framework, to which I call the congress to pay attention. It is obvious that we still face numerous difficulties. However, with each one's determination, with the truth of doing something for the nation, motherland, and the people, under the correct leadership of the CPP and the SOC Government, and with the assistance of the international community, we will step by step overcome all these difficulties in order to develop and improve the education sector.

Beloved presidium and congress, finally, on behalf of the CPP the SOC Government, and in my own name, I would like to express the firm hope and conviction that all the good ideas put forward at this congress will be further discussed so that concrete measures for their implementation can be taken. I would like to call on all levels of party and state establishments, social organizations, pupil's parents, monks, and the entire people to strive to further develop the education sector, particularly striving to successfully achieve the educational targets set by the congress for the new school year.

Finally, I would like to wish the presidium, honored guests, and the entire audience good health and success and declare the congress closed. Thank you. [end Hun Sen recording] [applause]

This ceremony was concluded in an atmosphere of profound pride in its achievements and with unity and cordiality.

Khieu Samphan Reiterates PDK Demands

BK3008130692 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 30 Aug 92

[Text] The Party of Democratic Kampuchea [PDK] said yesterday that it would firmly maintain its latest stance that the Supreme National Council [SNC] must first have sufficient power before the PDK begins to implement Phase II of the peace plan in Cambodia. PDK Leader Khieu Samphan told the Thai newspaper THE NATION that his party would not back down on its latest proposal, which was put forward at a meeting with Thai and Japanese officials in Bangkok early this week.

Khieu Samphan issued this statement in the wake of the Vietnamese-installed Phnom Penh regime's rejection of a joint Thai-Japanese proposal and a call by the PDK for setting up consultative committees within the key departments of the Phnom Penh regime.

Khieu Samphan said that the Khmer Rouge side would never change its stance unless the SNC headed by His Royal Highness [HRH] Prince Norodom Sihanouk were to have full power.

Faction Urges Roundup, Expulsion of Vietnamese

BK2908061292 Hong Kong AFP in English 0524 GMT 29 Aug 92

[Text] Phnom Penh, Aug 29 (AFP) - One of the four Cambodian factions said Saturday that all Vietnamese settlers in the country should be rounded up, put in detention camps and then sent back to Vietnam.

If not—and if Vietnamese men are allowed to marry ethnic Khmer women—the Khmer race will die out by the year 2042, according to a statement released by the Khmer People's National Liberation Front (KPNLF), led by former Cambodian prime minister Son Sann.

"This is not a question of racism and chauvinism, but of the survival of our nation as a Khmer nation," it said.

Hundreds of thousands of Vietnamese have come to more prosperous Cambodia looking for work since the United Nations brought a peace plan to the war-torn country.

But many ethnic Vietnamese were born on the Cambodian side of a somewhat undefined border between the two countries, and they returned to their homes here in recent years after fleeing the persecution of the Khmer Rouge.

The radical faction in power from 1975 to 1979 is blamed for the deaths of a million people in its campaign for racial purity and its quest for an agrarian utopia.

"It is well-known that if any Vietnamese was living in Cambodia, he must have been killed; not only all the Vietnamese were killed by the Khmer Rouge, but even the Cambodians who speak Vietnamese or speak Cambodian with suspected Vietnamese accents were also eliminated under Pol Pot's orders," the statement said.

That means all those who returned since 1979, when Hanoi troops invaded to oust the Khmer Rouge, are illegal immigrants who should be expelled, the KPNLF said.

"It is desirable that the Vietnamese settlers be treated as displaced persons in Cambodia, as such they must stay in a well-defined controlled settlement" until they can be repatriated, it said.

It also said marriages between Vietnamese and Khmers were a "racist scheme to eliminate the Khmer identity" and should be prohibited.

Khmer women made widows by Pol Pot's reign and the 13-year civil war were married "some by persuasion and others by force or necessity to earn their living" to Vietnamese soldiers, the KPNLF said.

If these couples, estimated by the KPNLF at one million, have six children each and if Vietnamese settlers continue coming to Cambodia, the Khmer race will become a minority close to extinction by 2042, it said.

The KPNLF, along with the Khmer Rouge, have been the most vocal about stirring anti-Vietnamese sentiment in Cambodia.

In July, two ethnic Vietnamese families were slaughtered by the Khmer Rouge in southern Cambodia, and few Khmers showed sympathy for them.

The KPNLF also in its weekly KP Bulletin issued Saturday, printed letters from readers addressing the Vietnamese issue.

"The Khmer culture, the Khmer sculpture, and the Khmer traditions are changing from day to day ... some Khmer people have sold their souls to the historic enemy," said a letter signed "a young Khmer."

Laos

Assembly Chairman Receives U.S. Envoy

BK2908082492 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 29 Aug 92

[Text] Nouhak Phoumsavan, chairman of the Supreme People's Assembly [SPA], yesterday afternoon received a courtesy call from Charles B. Salmon, ambassador extraordinary and plenipotentiary of the United States to the Lao People's Democratic Republic [LPDR].

The former U.S. charge d' affaires to Laos, Charles B. Salmon, who had performed his duty since early October 1989, on 6 August presented his credential letter to LPDR President Kaysone Phomvihan before taking the post of the first U.S. ambassador extraordinary and plenipotentiary to the LPDR with the office situated in the capital city of Vientiane.

During the meeting with the U.S. envoy, the SPA chairman expressed his congratulations and appreciation with the upgrading of the diplomatic relations between the United States and the LPDR from the charge d'affaires to ambassadorial level, which represents another step toward escalating and promoting the bilateral relations and cooperation between the two countries and their governments.

Kaysone Phomvihan Leaves for Nonaligned Summit

BK3008073692 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 30 Aug 92

[Text] On the morning of 30 August, Kaysone Phomvihan, president of the Lao People's Democratic Republic, leading a high-level delegation of the Lao Government, left Vientiane on a special plane for participation in the 10th Nonaligned Movement [NAM] Summit scheduled to be held from 1-6 September 1992 in Jakarta at the invitation of President Suharto of the Republic of Indonesia.

At this summit, the NAM member countries will jointly discuss various issues relating to the international political and socioeconomic situations, the role of NAM in the new era, the role of the United Nations, international security, arms reduction, international economic cooperation for development, environment and development, human rights,[word indistinct], and conflicts in various regions of the world, such as in Southeast Asia, South Africa, and the Middle East.

At 0845, Kaysone Phomvihan arrived at Wattai International Airport. Waiting to see him off there were Nouhak Phoumsavan, chairman of the Supreme People's Assembly; Prime Minister Khamtai Siphandon; personalities in the Lao Government; ministers and deputy ministers; and a large number of high-ranking officials from various ministries, departments, and government agencies.

At the official farewell ceremony, President Kaysone Phomvihan was invited to the special platform for a salute to the Lao national flag. The Lao People's Army band played the national anthem. The Lao president then reviewed the honor guards and marched past a mass of people who lined up to see him off.

Also attending the official ceremony at Wattai International Airport was Kasman Pahala Haujahan Siahaan, ambassador extraordinary and plenipotentiary of Indonesia to Laos.

Inspection Board Group Leaves for SRV Visit

BK2808145792 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 28 Aug 92

[Text] Yesterday, a delegation of the party Central Committee's Control and Inspection Board, led by Mrs. Bovon Vongsak, deputy chairman of the board, left Vientiane for a 14-day official friendship visit to the SRV. During the visit, the delegation is expected to hold meetings with the Vietnamese counterpart to exchange and to draw experience on party and state inspection work, cadre training, and other important issues relating to inspection and control work.

Conference on Economy, Planning, Finance Opens

BK2808025092 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 28 Aug 92

[Text] Yesterday morning, a nationwide conference to review economic, planning, and financial work was officially opened in Vientiane under the chairmanship of Khamphoui Keoboualapha, deputy prime minister and minister of economy, planning, and finance. The conference was attended by Khamsai Souphanouvong, deputy minister of economy, planning, and finance, along with deputy ministers, heads of the provincial economic, planning, and financial sectors, and more than 200 cadres of the economic, planning, and financial service sectors from throughout the country.

At the opening ceremony, the participants heard a report delivered by Khamphoui Keoboualapha on the guideline for the implementation of work in this field. During the conference, they will also review the revenues and expenses for 1992 and assess the achievements won in carrying out the infrastructure, tax and duty collection, land property, and financial work. They will then draft a plan for the implementation of this work in 1993. The conference will continue until 31 August.

Vientiane Districts Hold Party Committee Meetings

BK2808133392 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 28 Aug 92

[Text] The second congress of the party committee of Saithani District, Vientiane Municipality, was officially opened at the district meeting hall yesterday with the attendance of Oudom Khatthi-gna, member of the party Central Committee Political Bureau and secretary of the Vientiane city party committee. Attending the opening session were also more than 120 representatives of party members, mass organizations, and various services in the district to hear a political report presented by Comrade Vongkham Phonlali, acting secretary of the district party committee. In the report, the comrade pointed out some important issues in the implementation of the decisions reached by the first congress of the district party committee. The report also encouraged party members to take the initiative in implementing the party's restructuring line. The achievements attained in the implementation of the said decisions have created favorable conditions for extensively and steadfastly enhancing the people's sense of mastership in carrying out national defense and public security maintenance work and concentrating efforts on fulfilling the national socioeconomic development plan, especially in building and expanding economic foundations and gradually improving the living conditions of the multiethnic people.

The congress will continue for three days.

On the afternoon of the same day at the Nong Bouathong meeting hall, the second congress of the party committee of Chanthabouli District was also officially convened. Attending the congress were Oudom Khatthi-gna, member of the party Central Committee Political Bureau and secretary of the Vientiane city party committee; and more than 70 representatives from many production establishments and mass organizations as well as some retired cadres and intellectuals from many sectors.

After Phomma Mingboupha, member of district party committee, delivered a speech opening the congress, Comrade Thongmi Phomvisai, secretary of the district party committee, presented a political report and an immediate plan of action to the meeting. In the report, he pointed out achievements attained with the party's leadership in various spheres of work, which have changed the face of Chanthabouli District in many aspects. For example, the economic management to improve the people's living conditions has become more efficient with every passing day. Revenue from tax collection has increased by 135 percent. Activities in trading and goods circulation have increased by 166.24 percent. Industrial and handicraft production has increased by 116 percent. The productivity in the agricultural, forestry, dry season, and main rice growing fields has also increased dramatically. The participants also studied the orientation of work in the immediate future which should be gradually fulfilled.

The second congress of the party committee of Chanthabouli District will adjourn after three days of work.

SPA Chairman Visits Cadres in Se Bang Fai

BK2508153892 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 25 Aug 92

[Text] Recently, Nouhak Phoumsavan, chairman of the Supreme People's Assembly [SPA], visited and chatted with grass-roots cadres and mutiethnic people in the new district of Se Bang Fai, Khammouane Province.

The SPA chairman was met and welcomed by some 400 people. Nouhak Phoumsavan chatted with and expressed his concerns over the living conditions of the multiethnic people in the new district.

The SPA chairman also showed his keen interest in various conditions relating to rural development in the district, in which the people have still faced difficulties in agricultural production. The seasonal rice growing in some areas has been delayed due to insufficient irrigation. He also asked about the development of the new district, as well as various other issues.

Nouhak Phoumsavan also emphasized the importance of implementation of plans on grass-roots building and socioeconomic development.

On this occasion, he instructed all the leading cadres to attentively carry out works in accordance with the country's new policy, to create every condition that helps all the multiethnic people, to work closely with the people in all activities in socioeconomic development, and stimulate them to actively improve their production of goods and produce more public works for their families.

All this is aimed at helping the people to gradually upgrade their living conditions.

Philippines

DTI on Four Industries Affected by NAFTA

HK3108090392 Manila BUSINESS WORLD in English 31 Aug 92 p 1

[By M.O. Llanes]

[Text] The Department of Trade and Industry (DTI) has identified at least four major industry groups likely to be crippled once the North American Free Trade Agreement (NAFTA) becomes effective by 1992—unless these are able to adjust to the new market condition.

Trade and Industry Deputy Secretary Lilia R. Bautista, in an interview, said DTI is close to finalizing a study on the effects of NAFTA on local industries. In this study, four business sectors have so far been tagged as probable losers: car parts, sugar, electronics and garments.

Bureau of International Trade Relations (BITR) head Edsel Custodio, in an interview, said the agreement is not very transparent on so many areas. This, he feels, will work against increasing local exports to the area.

He also shares the view of other ASEAN members that the agreement could divert investments from the Asian Tigers to Mexico to avail of the duty-free status.

Aside from this, ASEAN members fear the local-content provision of the pact may force North American-based businesses to adopt an inward looking stance thus shutting off local exports there.

For the garments and textile industry, Mr. Custodio said local manufacturers are likely to suffer less quota from the area which happens to be its biggest market.

The pact apparently protects U.S. manufacturers from cheap garments from ASEAN members by setting stringent rules of origin requirement such that garments, to avail of the duty-free status, must be made in North America from the yarn-spinning stage forward.

For the sugar industry, Mr. Custodio said while the initial six years of the agreement's implementation is not likely to hurt the sector, improvement in yield and quality of produce is necessary to stay competitive and be able to maintain its share of the American market.

Mr. Custodio said the NAFTA trade pact contains a number of vague provisions that has yet to be explained by the three North American nations.

He believes these provisions even go beyond the provisions set under the soon-to-be-approved Dunkel text for the Uruguay Round.

He added the agreement would, however, be subjected to GATT study and monitoring to make sure that details under the pact does not go beyond the terms of the General Agreements on Tariff and Trade.

House Speaker Rejects Foreign Debt Cap Proposal

HK3108082092 Manila MANILA BULLETIN in English 31 Aug 92 p 1

[By Rod Villa]

[Text] Speaker Jose de Venecia Jr. warned yesterday a unilateral decision to put a cap on the repayment of the $30-billion foreign debt could plunge the country into an economic chaos.

De Venecia urged that persuasive, rather than confrontational, strategies be used in dealing with creditor countries and banking institutions whose loans continue to be needed in the administration drive to speed up national recovery.

De Venecia referred to a bill authored by Rep. Edcel Lagman, a Bicol leader of the Laban ng Demokratikong Pilipino [Struggle of Filipino Democrats] (LDP), the minority bloc in the House, which seeks to impose a ceiling in the servicing of the foreign loans at only 12 percent of the export merchandise receipts.

The leader of the House of Representatives said he favored the passage of a "non-binding resolution" expressing House sentiment, instead of a bill, which carries a compelling clause, for the international financial community to consider reduction of the interest rates and the capital debt stock itself.

"We ought to urge the international community to give us a break, but not to compel or threaten its members with a unilateral action at this vulnerable point of our economic weakness," said the Speaker.

"A confrontational position can wipe out tremendous gains we have achieved in international economic diplomacy," said De Venecia.

Lagman has gathered the signatures of at least 118 of the 200-member chamber to endorse approval of the bill, a rehash of a similar measure he authored, but which was shelved in the old Congress at the initiative of then Speaker Ramon V. Mitra Jr., who also had preferred a "firm but benign" approach in dealing with the country's foreign creditors.

Lagman buttressed his campaign for approval of his measure by citing the automatic allotment of P168 billion [Philippine pesos] to service the country's stock of foreign loans, a staggering two-thirds of the P330.2-billion budget which President Ramos asked Congress to approve for next year's national budget.

De Venecia, echoing earlier warnings raised by Mitra, his predecesssor, cited the economic disasters that befell Argentina, Mexico, Brazil and Peru whose governments confronted the creditor nations with a unilateral refusal to pay their foreign debts.

This compelled later administrations of the South American nations to abandon their predecessors' pugnacity, and returned to the negotiating table following which, with the recovery of their international credit standing, they made good the repayment of their foreign loans, and bounced their economies back to normalcy and, in some, to prosperity.

A message of repayment repudiation, De Venecia said, will reverberate across the world of creditors, and induce some 300 commercial banks, 14 governments, including Japan, the United States, France and Germany, to balk at continuing their economic assistance at a historic moment. This is direly needed in Ramos' program to fast-track economic recovery.

Manila Arrests 12 PRC Fishermen in Spratlys

HK2908085692 Hong Kong AFP in English 0850 GMT 29 Aug 92

[Text] Manila, Aug 29 (AFP)—Philippine officials Saturday disclosed the arrest of 12 Chinese fishermen in the disputed Spratly islands, risking another diplomatic row with Beijing over the disputed territory.

The fishermen from Hainan Province, ranging in age from 17 to 20 years, were taken in on Friday shortly before Philippine legislators flew to the islands for an inspection trip, Air Force Chief Brigadier General Leopoldo Acot said.

He said the fishermen were brought to Palawan island southwest of here and detained on charges of illegal entry and illegal fishing. Acot said 30 kilograms (66 pounds) of sodium cyanide, used to poison fish, were seized from them.

The Spratlys, feared to be the next flash point in Asia, are claimed in whole or in part by China, Vietnam, the Philippines, Malaysia, Brunei and Taiwan.

All claimants have agreed to settle the dispute peacefully after a 1988 naval battle between China and Vietnam left more than 70 Vietnamese dead.

Manila arrested seven Chinese fishermen last March in the islands, which are reputed to have major oil deposits and straddle key trade routes, but later freed them following talks with Beijing.

Wan Jisong, spokesman for the Chinese Embassy in Manila, said they had not received word of the latest arrests.

Taipei Agrees To Extend $100-Million Loan Deal

HK2808055192 Manila THE CHRONICLE in English 13 Aug 92 p 11

[By Lorelei de Belen]

[Text] The Republic of China (ROC) will extend the $100-million soft loan package asked by the Philippine government it will use to source its long-term funds for industrial project financing.

The Department of Trade and Industry (DTI) identified the sectors that would qualify under the program and they are; the food/agro-processing, manufacturing and service sectors.

The loan program will be used as capital investments to construct, expand and improve new productive facilities, to acquire machinery and equipment and as permanent working capital.

DTI secretary Rizalino Navarro said ROC's (Taiwan) Economic Affairs Minister Vicent Siew is willing to consider Manila's request, albeit within the limits of existing rules and regulations applied to such lending programs.

DTI's proposal is akin to the ongoing Asean-Japan Development Fund (AJDF) which provides private sector financing for industrial and agro-processing expansion.

The effort is consistent with DTI initiatives which established the Industrial Restructuring Program (IRP) of the Development Bank of the Philippines (DBP) through which AJDF and other World Bank funds are being coursed.

Taiwan's International Economic Cooperation and Development Fund (IEDCF) tagged as a major source of financing has DBP as conduit to act as a wholesale bank.

Funds will then be channeled to qualified commercial banks and will finally be lent to the private sector.

Navarro said the loan is payable within 30 years, inclusive of a 10-year grace period on the principal, with a 2% interest per year and arrears payable semi-annually.

Police Commanders Urged To Institute Reforms

HK2808102292 Manila PHILIPPINE DAILY INQUIRER in English 28 Aug 92 p 27

[Text] President Ramos impressed on police commanders Wednesday night the need to reform the Philippine National Police [PNP] following the controversy over the alleged involvement of its leadership in criminal activities.

In a command conference with PNP acting chief Director General Raul Imperial, PNP senior commanders, and key officials in Camp Crame, Mr. Ramos issued a seven-point directive aimed at instituting reforms in the PNP and improving its performance.

Meanwhile, Vice President and Presidential Anti-Crime Commission [PACC] chairman Joseph Estrada yesterday asked Imperial to institute a top-to-bottom revamp of the Criminal Investigation Service Command [CISC].

The President also urged police commanders to coordinate with Interior and Local Governments Secretary Rafael Alunan, who has full command over the PNP as specified by law.

Utter disregard of Alunan's directives was cited by the National Police Commission (Napolcom) as one of the grounds that led to the ouster of PNP Director General Cesar Nazareno last week.

Presidential spokesperson Annabelle Tecson Abaya, however, said a revamp was not discussed during the three-hour meeting.

"President Ramos is very determined to institute reforms. He will not stop at anything," Abaya said.

Also present during the meeting were Napolcom executive director Brig. Gen. Rene Cruz and Commissioners Ernesto Dula Torre, Guillermo Enrique and Federico Commandance.

The President directed the PNP to:

—Improve public safety services through timely, responsive, and effective exercise of police service:
—Exercise strong leadership at all levels to accomplish the mission of crime prevention and crime supression.
—Reform training, personnel management, and discipline for a higher degree of professionals;
—Strictly adhere to the dictum of command responsibility, especially over personnel involved in anomalies and criminal activities; immediate superiors of erring police personnel would be held liable if they did not take action to correct, remedy, or punish their subordinates;
—Observe fiscal restraint, avoid extravagance and display of wealth;
—Support the welfare and health of troops in the field:
—Coordinate with the Peace and Order Council, collaboration with the peace and order councils from the national level down to the municipal level.

Estrada made the recommendation to revamp the CISC during Imperial's courtesy call at the Office of the Vice President yesterday. Imperial replaced Nazareno at the PACC executive council.

Estrada said Imperial vowed to revamp the CISC in line with the campaign to rid the PNP of "hoodlums in uniforms."

Estrada also announced the appointment of former congressman and Supreme Court Justice Hermogenes D. Concepcion Jr. as legal consultant of the PACC.

Concepcion, who represented Nueva Ecija's third district, chaired the committee against crime at the House of Representatives.

In another development, PACC operatives under National Bureau of Investigation Director Epimaco Velasco yesterday presented to Estrada two policemen who were arrested for extortion.

Velasco identified the suspects as Police Officers Arnulfo Agbuya, 40 and Danny Sison, 30, both members of the PNP-Highway Patrol Group. He said the suspects were caught in Navotas last Wednesday while in the act of receiving P1,000 [Philippine pesos] from a businessman whose driver's license they earlier confiscated.

The businessman reported the extortion try to the NBI.

Released Rebels May Return to Military Service

HK3108092192 Manila PHILIPPINE DAILY INQUIRER in English 30 Aug 92 pp 1, 14

[By Carol O. Arguillas—italicized passage published in Tagalog]

[Text] The 16 mutinous rebels who were set free by President Ramos last week may return to active military service but will only be allowed to do "non-sensitive, administrative or service-support work."

This was among the guidelines released yesterday by Gen. Lisandro C. Abadia, Armed Forces chief of staff who said it would be up to the major service commanders to decide on the assignments of the former detainees.

Meanwhile, one of the nine suspected communist leaders arrested in a series of raids in Davao City last Monday developed a nervous breakdown, while another was freed yesterday.

Jake Cataluna, chief of the Criminal Investigation Service Command in Davao City, said charges of subversion were filed against the nine suspects, except for Flor Del Rosario, who was set free at noon yesterday.

Del Rosario, 23, told the INQUIRER that Mahleen Pugaa, accused by the military of being the secretary of the health staff of the Communist Party's Mindanao Commission (KOMMID), developed a nervous breakdown last Friday afternoon.

"*She went wild.* She kept shouting and running around, biting the four children with us," said Del Rosario, who added that they were not physically harmed while under detention.

Abadia said the freed military rebels "would not be allowed to handle classified matters, perform security or guard duties or work related to the manufacture, safekeeping and distribution of ordnance items."

The guidelines took into account an earlier experience by the AFP [Armed Forces of the Philippines] high command in handling released detainees.

A number of detained junior officers who were granted temporary liberty in November last year at the height of reconciliation efforts of the government rejoined their comrades in the underground.

At least four were re-arrested and again detained after they were suspected of meeting with their fugitive comrades.

In his two-page directive, Abadia said those put under military custody must always be available to testify or attend any proceedings on their cases, accompanied by their custodians.

The custodians must know their whereabouts "and what they are doing all the time, and must be able to assemble or account (for them) within two hours," he said.

Passes within Metro Manila and other privileges shall only be approved by the major service commander or the chief of staff, Abadia said.

The AFP chief of staff warned that he would not hesitate to return to jail any of the officers and men found guilty of committing "inimical acts."

"They should also refrain from committing any act inimical to national security, comply with all AFP rules and regulations, and will maintain good behavior, discipline and bearing of a military personnel at all time," he said.

The military rebels were ordered released, together with top communist leaders Satur Ocampo and Romulo Kintanar.

Ocampo and Kintanar, however, have not yet been freed. Military lawyers had reportedly insisted that Ocampo apply for amnesty to qualify for immediate release. Kintanar's motion for bail has already been approved by the court.

'Legal Technicality' Delays Release of Rebels

HK2808100092 Manila PHILIPPINE DAILY INQUIRER in English 28 Aug 92 p 1

[Italicized passages published in Tagalog]

[Text] Three days after they were ordered released by President Ramos, it looks like detained communist rebel leaders Satur Ocampo and Romulo Kintanar will remain in jail a while longer on a legal technicality.

Antonio Rosales, Ocampo's lawyer, yesterday asked the Makati Regional Trial Court to release on bail the former National Democratic Front spokesman.

The lawyer said there were no more impediments to Ocampo's temporary liberty, citing the Court of Appeals [CA] decision dismissing the evidence presented by the prosecution in the illgal possession of firearms charges against Ocampo. The appellate court upheld Judge Francisco Villanueva's decision to invalidate the search warrant on Ocampo's Makati residence where the guns were discovered.

Hearing for the Ocampo bail petition has been set for Monday, Aug. 31.

But special prosecutor Col. Virgilio Saldajeno said that since Ocampo had not applied for release under the amnesty program offered by the President, his case cannot be considered under the program, which has a separate set of guidelines.

This means Ocampo's case will be considered under common legal procedures. Saldajeno said that on this basis, he "will have to call the attention of the court to the fact that the CA decision is not yet final and executory." He said any judgment on the motion will be "premature."

"The Office of the Solicitor General will file a motion for reconsideration on the CA ruling and the case may even be elevated to the Supreme Court," Saldajeno said. "I don't want to make it appear that we're opposing the President's (amnesty program), but this is an entirely different matter. The merits of the case will be affected."

Saldajeno said if Ocampo's motion were on the basis of the President's amnesty program, a separate set of rules would have to be followed. He said the guidelines indicate that the committee, composed of members from the departments of justice, national defense, and interior and local government, will decide on Ocampo's release within 15 days upon receipt of the petition. But the case of illegal possession of firearms will be continued to be heard on its merits, he added.

Villanueva agreed with Saldajeno's opinion that he will have to act on the arguments cited in the motion and not on the basis of the amnesty program.

Kintanar's release is obstructed by a pending opposition from the solicitor general to a grant of bail for him since last March, Mrs Gloria Jopson-Kintanar told the INQUIRER in a telephone conversation.

Mrs Kintanar said her husband's lawyer has filed a motion with the Court of Appeals asking the Solicitor General to withdraw his opposition.

"I don't know how long it will take them to do it. There is no time frame given from the date the order for his release was issued up to the actual release," she said.

In another telephone interview, Ocampo said, "I have a sneaky feeling that the government wants to delay the matter until next week."

"We have not received any official documents about our reported release... nothing officially transmitted and we all go by what the media say. *Even among government representatives, nobody has come here,"* Ocampo said.

Both Ocampo and Kintanar said they would not sign the application (for amnesty) forms given by the DOJ [Department of Justice] to Kintanar's wife.

"We don't need those (application) forms. We (don't) need to apply to be freed," Ocampo stressed, saying they were on the way out anyway.

Ocampo also asked the joint amnesty committee to consult with the Task Force Detainees of the Philippines (TFDP) so that it could get a complete list of the more than 600 detainees and their respective detention posts.

By doing so, Ocampo said, the joint committee would not commit the mistake again of ordering the release of political prisoners who have long been released.

Meanwhile, Defense Secretary Renato S. De Villa yesterday admitted that the military and the police intelligence networks apparently failed to do their job to coordinate and update its list of detained and released political prisoners, particularly that of communist rebels.

President Ramos' order to release-five left-wing leaders and 16 military rebels last Tuesday drew criticism after it was found that only two of the five detainees were actually still under custody. The three others had long been released, which led to speculation that the move was a mere publicity stunt by the government.

"*This was due to a lack of coordination,"* said De Villa in a news conference. He explained that the joint amnesty committee merely got the recommendation from the Armed Forces and the Philippine National Police.

De Villa recommended the creation of a "clearing house" that will double check the roster of right-wing and left-wing political detainees. He said he would ask the DOJ to act as "clearing house."

De Villa also said more detained military and left wing leaders would be freed next week.

He said the next batch of detainees that might be releaed next week would come from the provinces, adding that the joint DND [Department of National Defense]-DOJ-DILG [Department of Interior and Local Governments] Committee is now awaiting the recommendees of the provincial sub-committees.

Samar Rebels Dissolve Five Front Organizations

HK2808064292 Manila BUSINESS WORLD in English 28 Aug 92 p 11

[By Wilfredo G. Reyes]

[Text] The Communist Party of the Philippines-National Democratic Front (CPP-NDF) has dissolved five of its primary front organizations in Samar.

At the same time, it is seeking to compensate the loss of five fronts by targeting for infiltration a major nongovernmental organization (NGO).

Ruben Guevarra, head of the rebel returnees' Balik Loob [Reconversion] Foundation, disclosed the CPP-NDF has zeroed in on the Eastern Samar Council for People's Development (ESCPDI), an NGO, as replacement for the five front organization chapters that were disbanded.

The ESCPDI is reportedly one of the biggest NGOs in the province and has received "a substantial grant" from the Australian Peace Group for establishing income-generating projects for depressed communities in Eastern Samar.

Mr. Guevarra identified the five disbanded fronts as the Partido ng Bayan (PnB) [The Nation's Party] League of Filipino Students (LFS), General Assembly Binding Women for Reform, Integrity, Equality, Leadership and Action (Gabriela) and Samahan ng mga Ex-Detainees Laban sa Detension para sa Amnestiya [Organization of Ex-Detainees Against Detention, for Amnesty] (Selda).

He disclosed that the insurgent leadership had disbanded the Samar chapters of these fronts for their "inability to conduct expansion and political work."

A military intelligence officer said this development may be indicative of the weakening mass support for the insurgents in Samar, one of three insurgent strongholds.

It will be recalled that alleged Eastern Visayas CPP chief Rodrigo Sugalan, alias Commander Basio, recently surrendered to Government.

The same source said several insurgent front organizations have been suffering from dwindling financial support from domestic and foreign donors due to communism's global collapse.

He said the insurgent command normally distributed donations for its legal fronts at a proportion of 60 percent for the insurgents and 40 percent for the legitimate beneficiaries.

"They still need to channel a part of the finances to the rightful recipients, normally farming or fishing communities, so this allotment can appear on their project report to donor organizations," he said.

Families Flee as Troops Pursue NPA Rebels

HK2808071392 Manila PHILIPPINE DAILY INQUIRER in English 28 Aug 92 p 27

[By Manuel S. Baliao]

[Text] General Santos City—Sixty T'boli [a tribal group] families have fled their homes amid reports of an impending military operation against New People's Army [NPA] rebels in the remote barangay of Lacane, in T'boli, South Cotabato.

T'boli Vice Mayor Salvador Ramos said the evacuees, numbering about 500, are now housed in several relief centers of the Department of Social Welfare and Development in Barangay Laconon, near the town proper.

Ramos said government troops were poised to resume their pursuit of "Commander Rambo," chief of the NPA Front 73 operating in Lake Sebu, South Cotabato.

The front covers five other towns in the Koronadal Valley.

Rambo led the recent attack on a mining camp in Barangay Desawo, also in T'boli, in which five mine workers and three rebels were killed in a brief but fierce gunbattle.

The assault took place just three kilometers from the nearest army outpost, Ramos said.

Ramos said troops from the 3rd Infantry Battalion had been ordered to get Rambo and 70 of his heavily-armed followers who have reportedly regained foothold in Lacane, scene of several major encounters between soldiers and insurgents.

Quoting Army services, Ramos revealed that the military might resort to air power and artillery attacks to dislodge the rebels from the strategic mountain lair in Lacane, which borders Lake Sebu town, the front's main encampment site.

"Tension is high, and hundreds more are preparing to evacuate as soon as hostilities start," Ramos said.

Thailand

Chatchai Favors Trade Links With Khmer Rouge

BK3008064092 Bangkok BANGKOK POST in English 30 Aug 92 p 3

[Text] Chat Phatthana leader Gen Chatchai Chunhawan said yesterday that trade between Thai businessmen and the Khmer Rouge will continue if he is in the next government.

Gen Chatchai told reporters that Thai-Khmer Rouge trade along the border was "purely business", and the activities will not cease if he is part of the new government after the general election.

"I won't do anything to stop them," he said.

The communist guerrilla-controlled area is rich in timber and precious stones.

Gen Chatchai described the trade as "very normal", and it was very difficult to have the activities stopped as long as it is difficult to distinguish Khmer Rouge members from other Cambodians.

"We can't identify who are Khmer Rouge and who are Phnom Penh Cambodians," he said.

Mr Prachuap Chaiyasan, the party's secretary-general, said:

"They all look alike. We can't tell who are Khmer Rouge. It's not black and white. They are all the same."

Gen Chatchai's remarks contradicted what he said nine days ago on his return from a three-day visit to Cambodia at the invitation of Phnom Penh prime minister Hun Sen.

He said then that as China has already stopped supplying weapons to the Khmer Rouge, he would follow that direction by pressing businessmen to stop trading with the Marxist faction in order to bring peace back to the war-torn country if he becomes the new premier.

In the speech delivered to a seminar on "Business Opportunities in Cambodia" yesterday, the former prime minister told participants that he has confidence that the peace plan in Cambodia will proceed smoothly, and political stability is necessary for economic development in Cambodia.

The seminar was organised by the Match Cross International and the Siam Premier International Law Office at the Regent Hotel.

Gen Chatchai, who proclaimed himself an architect of the "turning the battlefield into a market place" policy, said that he felt responsible for seeing that the policy becomes a reality as Cambodia is in an important stage of economic development.

The head of the party also urged the government to be serious about investment in the neighbouring country by setting up credit facilities such as the EXIM (Export-Import) bank or any other form of investment guarantee.

The former premier added that the two countries should turn the conflict on the resource-rich Gulf of Siam into cooperation for mutual benefit.

"Instead of discussing territorial delimitation, we should discuss joint ventures in oil and gas for the benefit of both countries," he said.

Thailand is the closest and one of the largest markets to which Cambodia can supply oil and gas, he said.

Anan Mediates Conflicts Over Military Reshuffle

BK2908055192 Bangkok THE NATION in English 29 Aug 92 p A1, A3

[Excerpt] Prime Minister Anan Panyarachun yesterday stepped in to break impasse between his defence minister and the new army chief over the annual military reshuffle, particularly the fate of army division commanders close to the previous army chief who took part in the May crackdown.

Anan called Defence Minister Banchop Bunnak to a two-hour luncheon meeting which was also attended by Deputy Prime Minister Pol Gen [Police General] Pow Sarasin at Government House.

Later he summoned Army Commander in Chief Gen Wimon Wongwit for a separate 90-minute discussion amid reports the two generals were at odds on how to handle the division commanders, particularly those in the First Army Region, whose commander was replaced in Anan's lightning military reshuffle earlier month.

Wimon reportedly wanted the officers "rotated" to other divisions while Banchop insisted they be "sidelined" in the reshuffle which is expected to be announced next week after Anan sorts out the differences.

Anan had stayed aloof of military reshuffle until yesterday when he decided to take matters into his own hands. He repeatedly has said he knew only a few generals and preferred to entrust his defence minister with military affairs.

Anan played down his meeting Banchop, describing it as only a lunch. He said he usually took the opportunity of lunching with his ministers to discuss matters under their responsibilities.

The military reshuffle list touched upon during the working lunch, he admitted.

"You will know it when it's time [to announce the list]. It's like a baby which will be born when the time comes. You cannot force a pregnant woman to birth prematurely," he said.

Banchop, also speaking after meeting said the list was not finalized.

He would officially submit the list to Anan immediately after it was finalized because he also wanted to see it announced as soon as possible to end "unhealthy rumours" over his disagreements with Wimon.

Wimon succeeded Gen Itsaraphong Nunphakdi in the sweeping August purge of the top brass associated with the May bloodbath. Itsaraphong and a former deputy army chief Gen Wirot Sangsanit were moved to the Office of the Defence Secretary General to become deputy secretaries general. Former supreme commander and Air Force chief ACM [Air Chief Marshal] Kaset Rotchananin was transferred to the virtually powerless post of inspector general at the Defense Ministry. He was replaced as supreme commander by his former arch rival ACM Woranat Aphichari, and by former colleague ACM Kan Phimanthip as Air Force chief.

Banchop said the reshuffle of division commanders was still under consideration.

Division commanders likely to be affected in the reshuffle, which will take effect on Oct 1, include First Division Commander Maj Gen Thitiphon Chennuwat, Second Division Commander Maj Gen Phanom Chinawicharana, Ninth Division Commander Maj Gen Suwinai Boribunnangkun.

All are Chunlachomklao Royal Military Academy Class 11 graduates, like Lt Gen Chainarong Nunphakti, who was also transferred on Aug 1 from the post of First Army Region Commander to a less powerful position for his active role in supervising the bloody crackdown on pro-democracy protesters.

Banchop is said to have insisted the officers must all be sidelined for the sake of unity in the army. But Wimon, a classmate of Itsaraphong, Wirot, and former prime minister Gen Suchinda Khraprayun, is more inclined to compromise and is adamant that drastic action would "demoralize" the rank and file.

He insisted he was capable of commanding the army under the reshuffle be proposed, military sources said.

Meanwhile, the sources said the highlights of the annual changes would include:

The promotion of seniormost Defence Deputy Permanent Secretary ACM Suwith Chantharapradit to permanent secretary, succeeding Gen Wanchai Ruangtrakun. The sources described as false reports that Itsaraphong or former National Intelligence Agency (NIA) Director Gen Atthaya Phaeopanchon, who is considered a connection of former premier Gen Prem Tinsulanon, would be promoted to the largely ceremonial but top-ranking post.

"Gen Banchop has made it clear that Itsaraphong, Wirot, and Kaset will not be moved at least until next year, arguing that their low profiles will be the best policy to avoid causing another public stir," one source said. [passage omitted]

Defense Minister Denies Conflicts

BK2908141992 Bangkok Radio Thailand Network in Thai 1200 GMT 29 Aug 92

[Text] Defense Minister General Banchop Bunnak said no changes had been made to the military reshuffle lists presented to him by the armed forces. The minister was answering a reporter whether he had made some changes to the annual military reshuffle lists. He said so far he had made no changes. He also denied having any conflict with the Army commander in chief as reported. He said the Army commander himself had already denied it. Asked whether changes would be made to the military reshuffle lists presented to him, the defense minister said so far he had not seen any need for changes to the lists, but said he was giving the matter his close attention.

Chatchai Not To Ally With Pro-Military Party

BK3008070092 Bangkok BANGKOK POST in English 30 Aug 92 p 3

[Text] The Chat Phatthana Party (CPP) will not ally itself with the pro-military Chat Thai Party in the formation of a coalition government after the election, CPP leader Chatchai Chunhawan told a press conference yesterday.

He said that had he wanted Chat Thai to join the government, he would not have left it to form the CPP.

"Forming a new party means building a new home for people of a new generation," said the former prime minister.

Gen Chatchai shrugged off remarks made earlier by key members of pro-democracy parties that they would boycott former ministers of Gen Chatchai Administration who were declared "unusually rich" by the Assets Examination Committee in the new government.

He said those who make such comments represent small parties and he does not understand why those politicians still recognise the orders of the now-defunct National Peacekeeping Council (NPKC).

The NPKC which toppled the Chatchai Government in a coup in February last year, set up the assets committee to look into the wealth of Gen Chatchai, his ministers and close political aides.

Gen Chatchai and several of his former ministers and aides were branded "unusually rich" and had their assets confiscated.

CPP secretary-general Prachuap Chaiyasan said the stance taken by parties over the "unusually rich" issue is merely a campaign gimmick to woo voters.

The parties' position might change after the election when it is discovered that no single party has a majority.

He suggested parties should consider national stability and the public demand as their priority.

Mr Prachuap said he is confident the CPP will win enough seats to become the "core" of the new government.

A poll recently conducted by the party shows it will win 82 seats plus or minus 14, he said.

"But we are gearing for 100 seats."

Fierce competition in the Northeast between the CPP and the New Aspiration Party [NAP] was unusual, he said.

"But after the election, it will be another matter."

He suggested NAP leader Gen Chawalit Yongchaiyut should not be too worried about opinion polls which have the former army chief trailing Gen Chatchai as a preferred premier.

Gen Chatchai also said that if elected an MP, he will oppose the passage of the amnesty executive decree pardoning soldiers, police and others involved in the May carnage.

He said it was clear that arms were used to kill the people, so there should be no amnesty.

But he said he will not take revenge on NPKC members if his Chat Phatthana Party joins the next government.

"Everything should be forgotten," he said.

Asked to comment on an article in the Far Eastern Economic Review that corruption will mushroom if he is returned as prime minister, Gen Chatchai said not all major projects had been signed while he was prime minister.

He is asking his lawyer to look into the article, since he feels it has published wrong information.

Chatchai Statement Viewed

BK3108031592 Bangkok THE NATION in English 31 Aug 92 p A4

[Editorial: "Is Chatchai Alienating Himself From Chat Thai?"]

[Text] On Saturday Chat Phatthana Party leader Gen Chatchai Chunhawan virtually ruled himself out of contention for the next premiership. He said he didn't want his party to join the Chat Thai Party in forming a majority coalition. "If I want to join hands with Chat Thai, I could have remained as Chat Thai leader instead of forming a new party."

Without Chat Thai, Chat Phatthana will unlikely be able to form a majority coalition even if it manages to win more House seats than any of the 11 other parties in this election. (But it's highly unlikely that Chat Phatthana will be able to win more than half of the 360 House seats in contest.) The four former opposition parties of New Aspiration, Phalang Tham, Democrat, and Solidarity have repeatedly vowed to stick together after the election. They too will not back Chatchai for the premiership because Chatchai's appeal for return of his assets worth Bt [Baht] 226.5 million is still pending in court.

Chatchai lost control of this big chunk of his wealth after the Assets Investigation Committee, set up by the coupmakers after they toppled the Chatchai administration on Feb 23, 1991, found him becoming "unusually wealthy" during his 30-month premiership. Chatchai has contended that the seizure of his assets was the coupmakers' ploy to destroy him politically. But leaders of the four parties have long maintained that they wouldn't want to join any government in which any "unusually wealthy" politicians are on the Cabinet.

New Aspiration party leader Gen Chawalit Yongchaiyut has even ruled out any possibility of his party and Chat Phatthana staying in the same coalition government, although Chawalit once served as deputy premier and defence minister in the Chatchai administration. But it is unclear whether Chawalit's position also applies in the case of Chat Thai, which has three "unusually wealthy" politicians, including party leader Pol Gen [Police General] Praman Adireksan; or in the case of the Social Action Party, whose leader Montri Phongphanit has lost Bt336.5 million of his assets in the anti-corruption investigation.

The four former opposition parties may be able to form a majority coalition on their own, or by coopting the newly-formed Liberal Democratic Party of Dr Athit Urairat, the ex-House speaker. In this case the leader of the party with the most number of House seats in the coalition will be the new premier; most probably, it will be Chawalit as his party has 69 former MPs running in this election, whereas Phalang Tham has only 39 and Democrat 43.

However, if the four parties don't have enough House seats—and Chat Phatthana together with Chat Thai, Social Action, Prachakon Thai and Ratsadon, can form a majority coalition—then many things can happen. Chatchai may give in under strong pressure from his party and family to go back on his word and accept a partnership with Chat Thai, whose leader Praman is his own brother-in-law. And if Chat Phatthana has more House seats than Chat Thai, then Chatchai will assume the premiership for the second time.

If Chat Thai has more House seats—and this is still a distinct possibility because it has 75 former MPs running in this election—then it is Praman's turn for a change. The 79-year-old party leader has served on numerous Cabinet posts and was deputy premier in several administrations but had never reached the premiership.

Why then did Chatchai prematurely deny himself as well as his brother-in-law the chance to hold the premiership? By refusing to form a coalition with Chat Thai, Chatchai puts himself and his party at the mercy of the leaders of the former opposition alliance.

And if Chatchai stays firm on this position, the opposition alliance will enjoy the godsend advantage of choosing to co-opt either Chat Phatthana or Chat Thai to form a new government coalition even though they "lose" the election to their so-called "satanic" rival parties.

A political veteran like the 72-year-old Chatchai should see these unfavourable implications from alienating Chat Thai, which he and his brother-in-law helped form. Could it be just his ploy to stir up the dust and confuse his critics and political rivals?

Democracy Group Set Up, Needs Financial Support

BK3008062692 Bangkok BANGKOK POST in English 30 Aug 92 p 2

[Text] The Confederation for Democracy [CFD] has been officially established to promote the democratic rule in the country amid its desperate need for financial support.

Some 200 CFD members decided at its first general assembly yesterday that the pro-democracy organisation be made a permanent body.

Its first executive committee whose term will last two years is to be chaired by prominent physician San Hatthirat.

Campaign for Popular Democracy chairman San Kaewsusai will serve as the organisation's adviser.

The CFD was set up hastily at the height of the pro-democracy movement in May and operated like an ad hoc committee.

An independent organisation, the CFD relies mainly on donations from its members. Earnings from sales of video tapes on the May massacre are barely enough to support its present and future activities.

Most of its members are professionals such as physicians, nurses, teachers and state enterprise employees.

At the assembly, the CFD set as its annual resolutions to:

—Encourage the Government to urgently declare the results of investigations into the May incident;
—Push for construction of a May Heroes' monument;
—Seek justice for the fallen heroes and have the guilty punished;
—Encourage the Government to urgently locate missing persons and pay compensation to the wounded and relatives of the slain demonstrators, and;
—Protest against the Amnesty Decree. As its long-term resolutions, the CFD general assembly decided to:
—Monitor whether MPs, governments and parties have fulfilled their policies and promises given to the people; and
—Push for power decentralisation, giving tambon councils nationwide a corporate status and introducing elections of kamnan (tambon chief and puyaiban (village chief) and provincial governors.

Amid high possibility for the return of ex-premier Chatchai Chunhawan, Dr San said in principle a premier must be righteous person and accepted by people inside and outside of Thailand.

He added the CFD would wait for the results of a referendum to see how the people react to Gen Chatchai's return.

If they are against his return, Dr San said the CFD might join them in a peaceful protest.

The protest, he insisted, will not be personal but based on principle and will take place only after the election.

The CFD assembly was told votebuying would be rampant in the Central Plains and Northeast and the so-called satanic parties are likely to win.

Lampang is the only province in the North that pro-democracy parties may win as certain "satanic" candidates have become too old to get it this time.

The southern region will see least vote-buying and Chat Phatthana and Muan Chon Party would get one MP seat each.

The remaining 43 seats are likely to go to the pro-democracy parties.

However, CFD members in the South said they were not fighting "satans" down there but some "fake angels who are using satanic tactics" in the election campaign.

Minister Urges Familiar Politicians To 'Behave'

BK2908072592 Bangkok BANGKOK POST in English 29 Aug 92 p 1

[Text] Foreign Minister Asa Sarasin yesterday urged "old-face" politicians to behave to prevent the country from plunging back into the so-called vicious cycle.

"I'm not trying to lecture politicians but to speak as a Thai citizen," the minister told reporters after a working luncheon organised by the Foreign Chambers of Commerce at the Dusit Thani Hotel.

Without naming names, Mr Asa said that no matter if people like it or not, they will find many familiar faces in the next government after the September 13 election.

He said what the politicians would do for the country after regaining power is very crucial because people are still fed up with their past behaviour.

To improve the political situation, these politicians must behave themselves otherwise the country may fall back into the vicious cycle that many people have been trying to stop, he said.

People have to keep a close watch on these politicians and if the country plunges into that cycle again, the politicians must take responsibility for all damage, the minister added.

He encouraged the politicians to be honest and put the country's interest above their own.

"They must prove themselves to be both credible and trustworthy," the minister said. "Trust and confidence can only be earned through good deeds."

Mr Asa also said that people should demand nothing less since "we are the people who always bear the consequences."

People, however, should stop expecting for an Anan III administration and renew their faith in parliamentary democracy, said Mr Asa.

And if the Anan team is brought back by any "political accident", that would mean the country's democratisation process is a failure.

He also said he was pleased to see new faces of quality candidates contesting the upcoming election, adding that the new blood will be the main driving force that strengthens the party system and enhances the public faith and confidence.

"What we need is people like Anan who are ready and willing to contest in political elections," he said.

Paper Views Chances for Chatchai Election Victory

BK2608064992 Bangkok BANGKOK POST in English 26 Aug 92 p 4

[Editorial: "Chatchai Victory Would Pose Dilemma"]

[Text] Of late, Chat Phatthana Party leader Gen Chatchai Chunhawan has been the recipient of blistering tirades from New Aspiration, Phalang Tham and the Democrat parties denouncing his "tainted" financial background and the corruption scandals which plagued his former administration.

Phalang Tham adviser Bunchu Rotchanasathian, in a campaign speech at the National Stadium last week, accused the former prime minister of being responsible for spiralling land prices over the past few years that reached levels bordering on the realm of absurdity. As a consequence, quite a few potential investors were scared away and forced to take their money to greener pastures elsewhere. Phalang Tham deputy leader Prasong Sunsiri, meanwhile, said that had the government leader been honest, good and prepared to make sacrifices, his ministers would not have dared to indulge in corruption. The verbal assaults on Gen Chatchai were not unpredictable, given his weak spot and the formidable challenge to other parties posed by Chat Phatthana in the September 13 election, especially in the Northeast which claims the largest number of MPs of all regions and is the most hotly-contested area.

With the exception of Gen Chatchai and a handful of party members, a large number of Chat Phatthana candidates are "old faces" who defected from the pro-military Samakkhi Tham, Chat Thai and Social Action parties which were closely associated with the disgraced ex-premier, Gen Suchinda Kraphrayun.

Concern has been voiced by people in various quarters that many of these men who gave tacit consent for the brutal crackdown of pro-democracy protesters in May and betrayed their constituents are likely to be re-elected if the current trend of political apathy and vote buying continues unchecked. Thus, the prospect of Chat Phatthana becoming the core party in the formation of the next government and the likelihood of Gen Chatchai gaining the premiership for another term cannot be ruled out despite various opinion polls placing de facto Phalang Tham leader Chamlong Simuang and Democrat leader Chuan Likphai as the more favoured contenders for the prime ministerial post.

On various occasions, Gen Chatchai publicly announced that he didn't aspire to be the next prime minister. This is a common declaration usually interpreted meaning exactly the opposite and one which no reasonable politician or lay person would take seriously.

The Chat Phatthana leader credibility has been put at stake by the verdict of the now-defunct Assets Examination Committ which judged him to be "unusually wealthy." Although the ruling was viewed as political persecution by the National Peace-keeping Council (NPKC) intent on discrediting him and did not conform to normal judicial process, it nevertheless cast a stigma on the maverick former prime minister.

While the NPKC might be despised for staging the February coup last year on poorly justified grounds, quite a number of people at the time did not feel overly sorry for Gen Chatchai and several of his former ministers and political aides who were declared unusually rich and had their assets confiscated. As is well-known, fighting corruption within the government bureaucracy has always been a near-impossible task because of the lack of hard evidence with which to pin down corrupt officials, particular those in high office.

Getting a mandate from the people through an election does not automatically mean that an individual is entitled to a senior post in public service, especially within the higher echelons of government. While cases are still pending in court, Gen Chatchai and the other "unusually rich" should demonstrate their political spirit by declining ministerial portfolios if their parties are incorporated in the post-election government.

The country can do without another national embarrassment like the one involving the former Samakkhi Tham leader who was in effect denied the premiership because of allegations of his involvement in narcotics trafficking.

Vietnam

UN Agency To Assist National Anti-Drug Project

BK2908092892 Bangkok Radio Thailand Network in English 0000 GMT 29 Aug 92

[Text] An agreement was recently signed in Hanoi, in which the Bangkok-based United Nations International Drug Control Program, UNDCP, launched an anti-narcotics assistance project in Vietnam. The agreement was signed by Hoang Duc Nghi, Vietnam's minister in charge of the Office of Mountainous Areas and Ethnic Minority Affairs, and (William S. Beachner), UNDCP regional director. Under the project, UNDCP will provide assistance to the government of Vietnam for analyzing the country's illicit drug problems and in developing strategies to address them. The project to be undertaken by the government of Vietnam with the assistance of the UNDCP covers the period of 1992 to 1993 for the preparation of a comprehensive integrated drug control master plan for tackling illicit drug problem, including production, trafficking, and abuse.

Vietnam will establish an inter-ministerial task force comprising representatives from 10 ministries with the Office of Mountainous Areas and Ethnic Minority Affairs as their coordinating agency. UNDCP will provide financial and technical assistance amounting to about 400,000 U.S. dollars to train and assist the government counterparts in the formulation of the first comprehensive master plan for drug control.

Attacks on Vietnamese in German City Reported

BK3008151092 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 26 Aug 92

[Text] In Rostock recently, German right-wing rioters attacked a hostel where Romanian and Vietnamese residents live. The rioters burned the hostel when the city police's spokesman announced that all people had left the hostel. But in fact, while the flames reached the ground floor, 150 Vietnamese—including women and children—were on the second floor of the hostel. Two hundred Romanians were evacuated from the hostel. The German police, however, ignored the fate of the Vietnamese as the rioters were in a furious mood, and only after more than an hour were German fire-fighter teams sent to put out the blaze.

Earlier, on the morning of 25 August, a team of foreign television newsmen were trapped by smoke at the same hostel and ran to the second floor to ask for the help of the Vietnamese.

A spokesman of the German opposition parties denounced this irresponsible act of the city police headquarters. He demanded a hearing on the issue at the German Parliament.

Germany Asked To Protect Vietnamese

BK2908151192 Hanoi VNA in English 1441 GMT 29 Aug 92

[Text] Hanoi VNA August 29—A representative of the Vietnamese Embassy in Bonn on August 27 met with a representative of the Foreign Ministry of Germany expressing concern over the attacks by German right-wing rioters on an hostel in Rostock where live more than 100 Vietnamese.

The Vietnamese diplomat requested the Germany side to take effective measures to ensure safety for the Vietnamese nationals who are living and working in Germany, firstly for the lives and properties of those in Rostock and help them normalize their life soon.

The German representative expressed regret over the happening in Rostock. He admitted that the right-wing rioters' acts violated laws and ran counter to the spirit and tradition of friendship of the German Government and people, and affirmed that the judicial bodies of Germany will strictly punish them.

The German diplomat said he would ask concerned offices in Germany to strengthen measures to protect the Vietnamese community in Germany in general and the Vietnamese in Rostock in particular and to prevent the reoccurence of such regretable events.

Vietnam-China Friendship Association Meets

BK2808160092 Hanoi VNA in English 1352 GMT 28 Aug 92

[Text] Hanoi VNA August 28—The standing committee of the Vietnam-China Friendship Association met here today to review the association's past activities and map out future tasks.

The meeting passed a programme of actions to continue enhancing the time-honoured friendship between the Vietnamese and Chinese peoples. It identified concrete measures to promote the cooperation between the association and its Chinese counterpart. They make plans for activities to mark the coming 43rd national day of China (October 1).

The meeting unanimously appointed Mr. Nguyen Cong Tan, minister of agriculture and food industry, as new president of the association.

Australian Trade Delegation Concludes Visit

BK2708151292 Hanoi VNA in English 1500 GMT 27 Aug 92

[Text] Hanoi VNA August 27.—The Australian trade and economic delegation led by John Kerin, minister for trade and overseas development, paid a working visit to Vietnam from August 23-27, 1992.

While here, the delegation was cordially received by Chairman of the Council of Ministers Vo Van Kiet.

The delegation attended the second annual meeting of the Australia-Vietnam Joint Trade and Economic Cooperation Committee (JTECC).

At the meeting, the two sides noted with satisfaction their common efforts to implement what had been agreed at the first meeting of the committee in March 1991.

The two sides discussed the continued cooperation in science, technology, investment, culture, information, energy, heavy industry, communications, transport, post , banking, finance, commerce, tourism, agriculture, food industry and other areas.

Mr. John Kerin, members of his party and the accompanying businessmen had several meetings with concerned Vietnamese officials and businessmen.

The Australian side expressed its wish to strengthen cooperation with Vietnam in economy, commerce, investment and other fields in order to contribute to stability in the region and to help the Vietnamese people in economic construction.

The Australian guests visited a number of economic, commercial and cultural establishments in Hanoi, Ho Chi Minh City and other localities.

Also on this occasion, an agreement was signed by the Vietnam Chamber of Commerce and Industry and the Confederation of Australian Industry to set up the Vietnam-Australia Business Council.

Trade Ties With Australia Viewed

BK2708114792 Hanoi Voice of Vietnam in English 1000 GMT 26 Aug 92

[Station commentary]

[Text] On Monday Mr. John Kerin, minister for trade and overseas development, and head of a delegation of 19 representatives of major Australian companies, arrived in Hanoi for a four-day visit. On this occasion, here is our radio's opinion:

In recent years, the Australia-Vietnam relations have recorded positive new steps. At present, Australia ranks fourth among foreign investors in Vietnam. Two-way trade between the two countries increased from U.S.$1.5 million in 1991 to U.S.$48 million in 1992. In the 1991-92 financial year Australia imported goods from Vietnam which were valued at about U.S.$12 million. And last April, the Australian Government began to implement an aid development program for Vietnam worth U.S.$75 million. This program will cover a period of four years.

Worthy of note is that the first meeting of the Vietnam-Australia Joint Trade and Economic Cooperation Committee was held in Canberra in March last year. Since then, the relations between the two countries has been marked by new progress. Now the semi-annual meeting of the committee is held in Hanoi. Members of the Australian delegation this time include Australian experts on construction, mining, banking, consultancy, and law. The Australian delegation will visit and have contacts with ministries and branches concerned in order to improve cooperative relations between the two countries in congruent fields.

On Tuesday, Mr. Kerin and his entourage were received by Premier Vo Van Kiet. Mr. Kiet highly valued the recent developments in the bilateral relations between Australia and Vietnam. He said the results obtained so far are a basis for further promoting bilateral cooperation in economy, trade, investment, and culture in the future. Mr. Kiet thanked the Australian Government and people for their assistance to Vietnam in many domains, particularly the unilateral declaration by the Australian Government to resume aid to Vietnam in March 1992. Minister John Kerin, of whom his country's commitment to assist and cooperate with Vietnam in its development. [sentence as heard] Also on Tuesday, Vietnam and Australia agreed to set up the Vietnam-Australia Business Council.

Death of Vice President Nguyen Thi Dinh Announced

BK2808160492 Hanoi VNA in English 1352 GMT 28 Aug 92

[Text] Hanoi VNA August 28—Vice President of the State Council Mrs Nguyen Thi Dinh passed away in Ho Chi Minh City at 22:50 hours on August 26, at the age of 72.

This is announced in a obituary released here today by the Communist Party of Vietnam Central Committee, the National Assembly and the State Council, the Vietnam Fatherland Front Central Commitee, the Vietnam Women's Union Central Committee and the Ministry of National Defence.

Mrs. Nguyen Thi Dinh was also member of the presidium of the Fatherland Front Central Committee, honorary president of the Vietnam Women's Union, chairman of the Vietnam-Cuba Friendship Association, former member of the party Central Committee, former deputy commander of the South Vietnam Liberation Armed Forces, and former Vice President of the Women's International Democratic Federation.

In recognition of her services to the cause of national liberation and construction, she was conferred the Ho Chi Minh Order and other high distinctions by the party and state of Vietnam. She was also awarded the Lenin Peace Prize by the Soviet Union and the Playa Giron Order and the Ana Maria Granajales Order by Cuba.

A funeral committee was set up headed by Le Quang Dao, chairman of the National Assembly and vice president of the State Council. The deceased will lie in state at the Thong Nhat conference hall in Ho Chi Minh City. She will be buried in the city cemetery on August 31.

Senior Officials Pay Tribute

BK3008153092 Hanoi VNA in English 1455 GMT 30 Aug 92

[Text] Hanoi VNA Aug.30—Vietnamese leaders today paid their last tribute to Madame Nguyen Thi Dinh, vice president of the State Council, who died in Ho Chi Minh City on August 26.

Among the mourners were party General Secretary Do Muoi heading a delegation of the Communist Party of Vietnam, Nguyen Quyet heading a delegation of the National Assembly and State Council, Premier Vo Van Kiet heading a delegation of the council, Premier Vo Van Kiet heading a delegation of the Fatherland Front, and senior Lieutenant General Dao Dinh Luyen heading a delegation of the Central Commission of the party for the army and the Defense Ministry. Pham Van Dong, To Huu, Tran Huu Duc and other retired senior party and state officials also came to pay their last respects to the deceased.

A tribute-paying service was also held today at the Thong Nhat conference hall in Ho Chi Minh City.

Official Cited on Foreign Investment Figures

BK3008094492 Hanoi VNA in English 0757 GMT 30 Aug 92

[Text] Hanoi, Aug 30 (AFP)—Vietnam has pulled in 3.5 billion dollars in foreign investments nearly five years after issuing new rules for the deals, the head of the state foreign investment committee was quoted Sunday as saying.

As of the end of July, the State Committee for Cooperation and Investment had approved 461 projects totalling 3.5 billion dollars, Dau Ngoc Xuan was quoted as saying by the Army daily QUAN DOI NHAN DAN.

However, only 900 million dollars of the total has so far come in, he said.

In the first six months of 1992, Vietnam attracted 880 million dollars of a total of up to 1.8 billion dollars expected for the year, he said.

Last year investments reached a record annual total of 1.2 billion dollars in approved projects since Hanoi promulgated the foreign investment code in 1987.

Xuan said the 461 projects included 245 in general industry, 100 in the hotel industry, 38 in fishery, 18 in oil, 17 in agriculture and forestry, and 11 in transportation, communications and postal services.

The south, especially around Ho Chi Minh City, with its good infrastructure, is hosting the lion's share—three-quarters—of Vietnam's investment deals.

Taiwan is the top investor in the country with more than 600 million dollars, followed by Hong Kong with more than 400 million, France with 390 million and Australia with about 300 million.

Vietnam has set a target of attracting 22 billion investment dollars in 2000, when it projects that one million workers will be employed at foreign-funded companies, Xuan said.

To attain this goal the government must perfect its investment code and smooth administrative formalities, the committee chairman said.

Export Surplus in First Half of 1992 Reviewed

BK3108102492 Hanoi Voice of Vietnam in English 1000 GMT 18 Aug 92

[Text] Vietnam's export surplus in the first half of 1992 was $155 million. The reason behind this figure was that export values increased by 27 percent, totalling $1.025 billion. The highest export earner has been crude oil which totalled 2.5 million tonnes, an increase of 46 percent of the corresponding period last year. This is followed by rice with 700,000 tonnes, coal 750,000 tonnes, and sea products, rubber, tin, coffee, and tea. The volume of rice exported in the first half of this year compared with 1.1 million tonnes last year may maintain Vietnam's first place rank among the world rice exporters. In the same period, Vietnam imported a total of $875 million worth of goods with refined oil and fertilizer topping the list.

Vietnam's biggest trade partners in the first half of this year were Japan, Singapore, Hong Kong, South Korea, Thailand, France, and Germany.

Conference Held on Development of Central Highlands

BK2908151992 Hanoi VNA in English 1431 GMT 29 Aug 92

[Text] Hanoi VNA August 29—A meeting was held recently in Ho Chi Minh City under the sponsorship of Vice-Chairman of the Council of Ministers Phan Van Khai to discuss the draft project on socio-economic development in the Central Highlands.

The Central Highlands covers 55,600 square kilometres in the four provinces of Kon Tum, Gia Lai, Darlac and Lam Dong and is inhabited by nearly 2.7 million people, accounting for 16.7 percent and 3.9 percent respectively of the total land area and population. It has great potentials in tourism and socio-economic development thanks to its fertile soil, vast forests, a favourable climate and large mineral deposits. The region also has an important role in national defence.

Since the liberation of the south 17 years ago, zoning has been conducted in this region to produce rubber, coffee, and mulberry. However, many problems remains, especially a wide gap between the towns and the mountain and remote areas. The incidence of malaria, goitre and other diseases has increased in former resistance bases along with an increase of the number of illiterates.

The meeting indentified concrete measures for socio-economic development in the Central Highlands in the coming years including the production of enough food for nearly three million people, the development of coffee, rubber, mulberry, cotton and tea production, and the building of export goods producing areas.

Le Quang Dao Meets With Ethnic Minorities

BK3008154092 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 25 Aug 92

[Text] On the occasion of the anniversary of the August Revolution and the National Day, a delegation of the people's council of Kien Giang's Yen Son district—a former revolutionary zone—recently made a tour of Hanoi and visited President Ho Chi Minh's mausoleum and places where he lived and worked. The delegation is composed of 55 ethnic minorities, representing the Tay, Hmong, and Dao groups in Yen Son district.

On 25 August, at the Presidential Palace, Comrade Le Quang Dao, chairman of the National Assembly and vice chairman of the Council of State, cordially met with the delegation. Comrade Lao Khang, chairman of the people's committee of Yen Son district, brifed Chairman Le Quang Dao on the aspirations of the ethnic minorities. The National Assembly Chairman cordially inquired about the health and daily life of the ethnic people in the district. He also shared with the delegation many good memories about esteemed beloved Uncle Ho.

Economic Zone Plans Discussed at Conference

BK2908074592 Hanoi VNA in English 0552 GMT 29 Aug 92

[Text] Hanoi VNA August 29—Plans for the building of the Ho Chi Minh City-Bien Hoa-Ba Ria-Vung Tau zone, a major zone of Vietnam in its strategy of socio-economic stabilization and development till the year 2000 have been discussed at a conference recently held in the city.

The meeting was attended by Mr. Phan Van Khai, Politburo member of the Communist Party of Vietnam Central Committee, permanent vice chairman of the Council of Ministers, leaders of the State Planning Commission, the State Commission for Sciences, and other concerned sectors.

This zone covers one-ninth of the natural area and its population makes up one-third of that of southern Vietnam. But at present, it occupies half of the total social products, 56 percent of industrial output value, 64 percent of export value and 80 percent of foreign-invested capital (excluding capital investment in oil exploitation). It is estimated that in 1992, the revenue contribuition of this economic zone could make up some 60 percent of the state budget.

In 1993, plans for some important fields such as water and energy supply, communications and transport and environment will be worked out.

87 Private Companies Licensed in Hanoi

BK3008152092 Hanoi VNA in English 1439 GMT 30 Aug 92

[Text] Hanoi VNA August 30—The Hanoi People's Committee has licensed 87 private companies with a total capital of 67.3 billion dong.

These include 3 stock companies, 75 companies of limited liabilities, 20 import and export agencies and 4 export companies. Most of them are engaged in consumer goods and small industries, handicrafts and artcrafts. Only 20 companies are in the commerce, service and hotel sector.

In the first seven months of this year, these private enterprises achieved a turnover of 36.2 billion dong. Most succcessful so far are the Sel Electronic Company, the Hoa Binh Arts and Crafts Company and the Phuong Lan Arts and Crafts Company.

Australia

Foreign Minister Leaves To Attend NAM Summit

BK3108061892 Melbourne Radio Australia in English 0500 GMT 31 Aug 92

[Text] Australia's Foreign Minister Gareth Evans has left Canberra to the Nonaligned Summit in Jakarta. Senator Evans said that even though Australia was not a member of the Nonaligned Movement it attached considerable importance to its guest status at the meeting. He said the Nonaligned Movement had to deal with the growing range of new global issues such as economic cooperation, the environment, and human rights.

The foreign minister said the summit would strengthen the pattern of Australia's contact with Indonesia, the incoming chairman of the Movement. Senator Evans said that while in Jakarta he will hold bilateral meetings on current issues such as Cambodia and the conclusion of the convention banning chemical weapons.

Fiji Prime Minister Rabuka Arrives for Visit

BK2908093492 Melbourne Radio Australia in English 0500 GMT 29 Aug 92

[Text] Sitiveni Rabuka has arrived in Brisbane on his first trip to Australia as Fiji's prime minister. One of his first engagements is in Toowoomba to watch a rugby league match between a Fiji team and a local club.

Tonight, Mr. Rabuka will go on to Sydney where he will address a Fiji trade and tourism promotion. During his visit, he will meet his Australian counterpart Paul Keating and foreign minister Gareth Evans in Canberra for talks covering bilateral, regional, and international issues.

Meets Foreign Minister Evans

BK3108065292 Melbourne Radio Australia in English 0500 GMT 31 Aug 92

[Text] Australia and Fiji have agreed that the groundwork has been made for building a renewed relationship. Officials in Canberra said this consensus emerges from a friendly 40-minute meeting today between Fiji's Prime Minister Sitiveni Rabuka and Australia's Foreign Minister Gareth Evans. They agreed that a meeting last month at the South Pacific Forum between Mr. Rabuka and Australia's Prime Minister Paul Keating was an excellent start to rebuilding the relationship.

Senator Evans welcomed the approach the Rabuka government had taken towards the review of Fiji's racially weighted constitution and also approved Suva's decision to ease restrictions on foreign journalists. The two men also agreed on the need to expand the trade and investment relations. Mr. Rabuka is to discuss the resumption of a defense relationship at a meeting tomorrow with Australia's Defense Minister Robert Ray.

Trade Minister Hails Countertrade Deal With SRV

BK3108081192 Melbourne Radio Australia in English 0500 GMT 31 Aug 92

[Text] Australia's Trade Minister John Kerin has hailed a countertrade deal between a Vietnamese firm and an Australian pharmaceutical company. Mr. Kerin said the agreement signed during his visit to Hanoi last week was an example of the innovative and pragmatic approach taken by some Australian businessmen in Vietnam. Under the agreement Australia's Gateway Promotion exchange pharmaceuticals for edible oil produced by the Hanoi-based firm (Medimex).

The trade minister said the countertrade deal help to avoid problems that Gateway's Vietnamese customers may have encountered because of the shortage of foreign exchange. Gateway has already fulfilled over 250 contracts in Vietnam and supplies about 10 percent of the country's pharmaceuticals.

Fiji

Military Chief Departs for PRC Visit 31 Aug

BK3108102692 Melbourne Radio Australia in English 0500 GMT 31 Aug 92

[Text] The commander of Fiji's military forces, Major General Ratu (Etelai) Ganilau, is flying to China today for an official visit. Ratu (Etelai), who has been accompanied by two senior officers, will be hosted by his Chinese counterpart General (Zhou Xian). He is due to hold talks with senior Chinese military officials and will visit army, air force, and naval facilities.

Papua New Guinea

Prime Minister Wingti Leaves for NAM Summit

BK3108071292 Melbourne Radio Australia in English 0500 GMT 31 Aug 92

[Text] Papua New Guinea's [PNG] Prime Minister Paias Wingti has flown to Jakarta as a head of a 50-member delegation of officials and businessmen aboard a specially-chartered Air New Guinea airliner. Mr. Wingti is to attend the Nonaligned Movement summit in Jakarta and he told journalists before leaving that his intention in taking the 27 businessmen was to encourage PNG's entrepreneurs. He added that if one business deal is struck by a member of the delegation it will make the whole idea worthwhile.

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The United States explains that this idea about applying its own antitrust law to other nations has been a traditional policy in the United States since 1912.

But, at the present juncture where there is globalization of the economy, shouldn't the United States adopt a position of reexamining this traditional policy?

Furthermore, and this relates to an earlier point in the discussion, in the end, competitive policy has as its aim the reservation of competitive order. It is not something with the purpose of protecting businessmen. The thinking that applies law outside of the territory in order to protect exporters is tied to the danger of abusing competitive law.

[Sekiyama] There are opinions that Japan should pass a law in response.

[Umezawa] If you said an opposing law, that is not something the FTC can discuss by itself. The FTC should refrain from discussing that for the time being, since other agencies and jurisdictions, including the Ministry of Justice or the Ministry of Foreign Affairs, are also involved.

However, in my personal opinion, rather than have a debate such as over an opposing law, I think it might be better to respond a little more calmly.

But, even though I say that, the U.S. Department of Justice keeps repeating that the present measures are not aimed at any specific country. Furthermore, in the statement, they say they continue to respect traditional international courtesy and the custom of cooperation with other countries.

[Sekiyama] Even so, I suppose we cannot stand idly by.

[Umezawa] This kind of problem ought to be debated in a multinational forum, such as in the Organization for Economic Cooperation and Development (OECD). We ought to avoid one nation's issuing a statement and causing friction with many nations over jurisdiction. We also presented this argument in the competitive policies committee meeting of the OECD which started on 20 May. The EC and others will likely agree. Most important is to maintain an impartial posture and think about the position of the other nation that is extremely concerned with violations of its own antitrust law. Of course we cannot hand over our jurisdiction, but at the least the advanced nations should be responsible for the implementation of their respective antimonopoly laws and a mechanism is necessary that maintains a relationship of trust and mutual cooperation.

Holding Company Debate Should Not Be Taken Lightly Now

[Sekiyama] Next is a topic related to the recent drop in stock prices, the so-called mutual crossholding of others' stocks, but, in a situation now where they are no longer being held that way, the idea of considering the formation of stock holding companies as in the United States has come up as a defensive measure for corporations. Wahat are their problems with this from the standpoint of competition policy?

[Umezawa] The debate that says to recognize stock holding companies should probably not be taken lightly. The reason is that there are indications that with the appearance of stock holding companies the concentration of economic power would increase and the closed nature of the group would be increased, on top of having a structure with mutually held stock holdings.

Of course, it would be a mistake to think that we wouldn't change the present policy or present system at all. However, at the present juncture, we must carefully scrutinize the problem points I indicated above in recognizing stock holding companies.

[Sekiyama] There are those companies that want to buy their own stock.

[Umezawa] Since that is a problem with the Commercial Code, and not with the Antimonopoly Law, I'm not in a position to comment.

[Sekiyama] In the present environment where the operations of financial institutions are having such difficulties, we have started to see a number of rescue mergers, and these will probably increase in the future. In such cases is there such a thing as loosening the standards for operation of the Antimonopoly Law when you undertake the examination of the merger?

[Umezawa] It is possible. However, that does not mean that anything goes as long as it's a rescue.

If, as a result of a merger, abuse, seen from the perspective of the rate of market possession were to be created, then that would be a problem. In that case, a check would be made to see whether there was another party with whom the deal could be struck. If there was no other alternative, we would investigate and carefully consider the increase in market share in comparison with many other aspects, such as the influence on the regional economy or the employment problems that would be produced by the merger. There are also examples with conditions such as transfer of stores or consolidation attached.

[Sekiyama] As is exemplified by the way of deciding such things as the prime rate, it seems there are still customs in the financial institutions that would be a problem in competitive policy.

[Umezawa] The present situation is one is which interest rate liberalization is moving forward and the financial structure is also changing. We should probably reexamine those things which have no significance now and which were created in the era when we had the regulated interest rates of an indirect financial leadership.

For example, the custom of the same commissions for custody of corporate bonds has been destroyed. In the case of that kind of problem, not only those holding bonds, but the issuing side too, has to change its thinking. That is, not only the financial institutions, but users' efforts are also necessary in order to change old customs.

However, I have to add something else there, which is that it is a market principle that the prices of similar goods and services naturally converge. The problem is when prices are decided by collaborative acts.

[Sekiyama] They say that the FTC has a fondness for the Ministry of Finance.

[Umezawa] Absolutely not. It is not a question of like or dislike, we have to clearly set down externally what financial fairness and free competition are. As necessary, we make demands of the authorities at the Ministry of Finance too, and exchange opinions on the executive office level. We believe that today financial policy is also being advanced by this policy.

[Box, p 75]

Get Members Who Will Not Invite Misunderstandings

There is criticism that the FTC gave into political pressure on such things as forgoing prosecution in the Saitama Construction collusion case. Mr. Umezawa counters that "The FTC is also an administrative organ. It is quite natural that we make adjustments with others relating to overall economic policy." He is adamant that the "public opinion" that says their sharpness is dulled by the fact that the Ministries of Finance and International Trade and Industry have designated seats among the five members of the committee is "absolutely wrong."

However, it is true that "popular opinion" does exist that says the FTC would be a guard dog with no bite" it were not propped up by support from the United States. The prime minister who hangs out the shingle of "a great living standards nation" should at least stop choosing members of the FTC from the old-boy networks of the other agencies. [end box]

FTC Closely To Monitor Oligopolistic Firms

OW2908135592 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Aug 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] On 27 August, the Fair Trade Commission released a report on the "Real State of Price Competition by Highly Oligopolistic Enterprises" which has been compiled by the Economic Research Council (headed by Kenichi Miyazawa, a honorary professor at Hitotsubashi University). The report pointed out that of 10 enterprises surveyed by the Economic Research Council, automobile makers, beer brewers, color-film makers and tire makers raised their prices at the same time and at the same level [dochoneage] on three occasions in the past 14 years. The report also indicated the need for the commission to keep abreast of this business practice of raising prices at the same time and at the same level to encourage fair price competition and new business participation. In reaction, the commission plans to beef up its oversight over the business practice by oligopolistic enterprises in the future.

The the Economic Research Council has surveyed automobile makers, beer brewers, color-film makers, tire makers, whiskey brewers, synthetic detergent makers, piano makers, and canned food makers. The 1988 sales of makers or brewers ranking first to third accounted for more than 75 percent of the year's nationwide total sales.

All enterprises except for piano makers had raised their prices at almost the same level and at intervals of three months from 1977 through 1990. Affected by the increase in the liquor tax, the price of beer recently jumped by 50 percent at the wholesale level, far exceeding an average increase of 11 percent in industrial products (including food stuff).

The report stressed that although the rise of prices at the same time and at the same level does not constitute an act violating the Anti-Monopoly Law, it is necessary for the Fair Trade Commission to put oligopolistic enterprises under constant oversight to ensure fair price competition.

So far, only a small number of entrepreneurs have become new participants in these enterprises because of the need for huge investments in plants and equipment. The report also indicated that the recent growth in imports has begun to affect domestic prices of their products.

Keidanren Head on Economic Stimulus Package

OW2908145592 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Aug 92 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Interview with Gaishi Hiraiwa, chairman of the Japan Federation of Economic Organizations; place and date not given]

[Text] Now that the government and the Liberal Democratic Party [LDP] have announced a comprehensive economic stimulus package exceeding 10 trillion yen, which is the largest ever, the focus of people has shifted to what businesses will do to help the economy recover. We have asked Mr. Gaishi Hiraiwa, chairman of Keidanren [the Japan Federation of Economic Organizations], about his view on the stimulus package and the stand businesses should take.

[NIHON KEIZAI SHIMBUN] The stimulus package turned out to be of a scale much larger than anticipated.

[Hiraiwa] I would like to praise it because the package not only is large in scale, but it also gives consideration to the problem of property value deflation by shoring up the banking system and invigorating the stock market. The package even includes doing something which has been considered taboo to the government—like buying land for public works projects in advance. It also covers many things requested by Keidanren. They include expansion of loan ceilings for the Housing Loan Corporation, and the expansion of fund operation ceilings for the Post Office Insurance Corporation in the stock market. All these measures are expected to have a good effect on the economy.

[NIHON KEIZAI] The package being so extravagant, there is concern about the possibility of a bubble economy reemerging.

[Hiraiwa] If the scale of economic packages is viewed as a fraction of nominal gross national product [GNP], the package introduced in May 1987 at the time of the recession due to the high yen was about 1.8 percent of the preceding year's GNP. This time, it is about 2.3 percent of last year's GNP. The scale is not such as to be called absurdly big.

As far as stock prices are concerned, there may be minor fluctuations, but I would like to think that they have hit the bottom and we have gone through the worst. Before the announcement on the package was made, there was concern lest prices plunged with the announcement. But, probably, the market realized the serious intent of the package—that the package is not an assembly of ramshackle measures and that considerable study went into it.

[NIHON KEIZAI] What do you want to ask business managers to do in response to this government package?

[Hiraiwa] The 10 trillion yen amount is no doubt big, but, put into the total economic context, the amount is little more than a pump-primer. What must follow are active self-help efforts by businesses. Prime Minister Miyazawa said it, too, but the potential of the Japanese economy is great. I hope businesses will push on with confidence. Keidanren will work with them toward that end.

[NIHON KEIZAI] All the big companies are reported to be not doing well business-wise. Do you not think their poor business performances can be a cause for uneasiness?

[Hiraiwa] The poor performances in the auto and consumer electric industries, I think, are not due to structural reasons. I think the bad sales are a cyclic phenomena. Soon or later, demand will arise out of necessity to replace old goods. But, we must forgo the practice of measuring performances against the time when the bubble economy was at its highest.

[NIHON KEIZAI] In business circles, there are voices calling for additional reductions in income taxes or interest rates.

[Hiraiwa] In one to two years from now—in the not too distant future—I think discussion will arise on changing the taxation system. The question of whether to reduce income taxes should be discussed at that time. On interest rates—and we have yet to see what the effect of the previous interest cut will be—now is not the time to think about a new reduction of interest rates.

[NIHON KEIZAI] With Mr. Kanemaru tendering his resignation as vice president of the LDP, confusion is expected to arise in the political situation. What will be the impact of this?

[Hiraiwa] There is concern that with the Diet being busy with deliberations on the Tokyo Sagawa Kyubin incident, review of the supplementary budget may be delayed. But, since there are no differences of views on the need to implement measures to stimulate the economy between the ruling and opposition parties, I do not foresee any problem in principle.

Sci-Tech Agency To Launch Space Experiments

OW3108114392 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Aug 92 Morning Edition p 19—FOR OFFICIAL USE ONLY

[Text] Japan, the United States, the European nations and Canada are making vigorous moves toward conducting space experiments in a space station planned for completion by the end of the 1990's. In reaction, next year the Science and Technology Agency will launch a project called "Joint Frontier Research for Use of the Space Environment" aimed at developing the technology necessary to conduct space station experiments through a cooperative system among industry, the academia, and the government. For the first time, the agency plans to invite the public to put forth their ideas on what experiments should be carried out in the space stations. In addition, a research and development project has been launched to develop Japan's own transport system to the space station.

Japan, which plans to conduct its first large-scale space experiment called "Huwatt 92" in September using an American space shuttle, intends to draw up plans for use of the space station based on the results of the large-scale space experiment.

Under the plan, researchers in industry, academia, and the government will be urged to put forth their ideas of what experiments should be carried out in the space station. The National Space Development Agency will cooperate with them in developing experimental gears and methods.

The experimental gears will be tested in the near-weightlessness chamber, using aircraft and small-type rockets, in the drop test facility in Sagawa Town, Hokkaido, the largest in the world and in a drop test facility planned for completion next year in Toki City, Kifu Prefecture. Based on the results of the drop test, an assessment will made on the significance and values of the space experiments in the space station.

The Center for the Promotion of Space Environment Use [CPSEU], founded jointly by the Science and Technology Agency and the International Trade and Industry

Ministry, will take charge of conducting space station experiments, and a promotion committee will be created under the center. The committee will be comprised of researchers and academicians from industry, academia, and the government. Experiments in the space station will include "semiconductor materials," "inorganic materials," "fluid phenomenon," and "manned space experiments." Each sub-committee under the committee will assess and study the results of the space experiments.

The space experiment room at the Tsukuba Space Center under the National Space Development Agency will be used as a support facility for the space station experiments. The space experiment room is equipped with various experiment equipment necessary to conduct experiments with materials and in life science, and the space center plays the role of providing information and consultants for space experiments.

The CPSEU will make a final decision on the space station experiments. The Science and Technology Agency expects that in the course of implementing the plans for use of the space station, a research system will be created to use effectively the space station and to make more researchers interested in the use of the space environment.

In parallel with the plans, meanwhile, Japan will start the full development of a hull for the space station and it has already started developing the "JEM," a space experiment room.

Sci-Tech Agency To Set Up Advisory Committee

OW3108084892 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Aug 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom Database]

[Text] The Agency of Industrial Science and Technology [AIST] under the Ministry of International Trade and Industry plans to set up an "international consultative committee" system in the next fiscal year. According to the system, AIST will invite scientists of the Nobel Prize caliber to evaluate details of the research programs conducted by national research institutes affiliated with AIST. Prominent Japanese and foreign scientists will be invited to stay at the national institutes for a short period, during which they will hold scientific debates with researchers actively engaged in research projects. AIST plans to increase funding for research projects that get high evaluations. While expecting to stimulate research workers so as to encourage them to come up with unique ideas concerning their research programs, this system also aims at having the results of research projects evaluated correctly. By inviting foreign experts to familiarize themselves with research activities at national institutes, AIST also expects that this system will serve as a good means for promoting publicity.

According to the AIST's plan, research programs conducted at AIST-affiliated institutes will be divided into 10 categories such as theoretical physics, robots, optical science, new materials, and life science. Then, one foreign and one Japanese scientist will be picked as committee members to be in charge of each category. It is planned that "prominent scientists, who are actively engaged in research work at both foreign and Japanese research institutes and are of Nobel Prize caliber, will be entrusted" with this evaluation work, (as stated by an AIST source).

Ties Between Labor Unions, Politics Studied

OW2908174192 Tokyo YOMIURI SHIMBUN in Japanese 27 Aug 92 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Editorial: "Second Thought on Labor Unions and Politics"]

[Text] What should be the relationship between labor unions and politics?

In light of Rengo-backed candidates having suffered complete defeat during the recent upper house election, on 27 August Rengo (Japanese Trade Union Confederation) will begin deliberating future measures. Even at conferences of various major local industrial unions—being held successively as from this week—the issue of Rengo's connection with political parties and politics will likely be the focus of attention. Issues such as the propriety and possibility of holding Rengo-type elections may be the subject of deliberations. However, it is now necessary to conduct more basic discussions on the role and limits of labor unions in politics.

According to Clause 2 of the Labor Union Law, the purpose of labor unions is to "plan for maintaining and improving labor conditions and for upgrading their economic position." Labor unions are not political parties or organizations engaged in political activities. It is impossible for labor unions to have no connection with politics, however.

In order to achieve the purpose of improving the livelihood of laborers, it is necessary for labor unions in enterprises and industries to not only engage in labor-management negotiations, but also to address themselves to politics in relation to policies and systems—such as those on commodity pricing, tax systems, welfare, and economic recovery measures.

There are various ways in which labor unions are related to politics, however; they are diversified in Europe and the United States, depending on the country involved.

The American Federation of Labor and the Congress of Industrial Organization [AFL-CIO] of the United States decides its stance each time there is an election, without vowing support for any specified political party. The Trade Unions Congress [TUC] of Britain is closely related to the Labor Party, and the former's member organizations have been financing 80 percent of the party's funds.

As for the German Trade Union Federation [DGB], while the majority of parliamentarians in the Social Democratic Party are DGB members, there are cases in which contributions to political parties are prohibited in order to prevent ideological intervention by political parties.

Japan's post-war labor movement has been carried out with continued ideological confrontation among various groups such as the General Council of Trade Unions of Japan [Sohyo] and the Japanese Confederation of Labor [Domei], with labor unions taking over the tasks of peace and democracy that should be dealt with by political parties, partly because the political parties have not achieved maturity.

Based on this reflection, Rengo was inaugurated in a bid to achieve the original purpose of upgrading the livelihood of workers. The confrontation between labor unions affiliated with the old Sohyo and those affiliated with the old Domei has, however, in actuality, been brought over to Rengo, with conflicts existing even in basic policies—such as measures toward the Self-Defense Forces.

Accordingly, as in the case of the recent upper house election, Rengo's adverse stand against the Liberal Democratic Party has come to a halt, with the conflict between the Social Democratic Party of Japan [SDPJ] and the Democratic Socialist Party [DSP] coming to the fore on the issue of the UN Peacekeeping Operation (PKO) Cooperation Law, thereby causing Rengo to lose momentum as a result of the sudden "split" between the SDPJ and the DSP.

As long as the various Rengo organizations continue to support and cooperate with each other under the existing conflict between the SDPJ and the DSP, it will be difficult for Rengo to possess an independent power of influence.

Recently there have been voices within Rengo calling for the discarding of relations with existing political parties, laying emphasis on establishing relations with individual politicians separately and selectively beyond the framework of political parties aimed at forming a new Rengo political party.

In order that such movements may promote a change in the constitution of the existing political parties, however, it is necessary for Rengo's various organizations themselves to forget the past, discuss what policies should be formulated with a clean slate based on the stand of being an organization representing laborers, and establish an organizational structure befitting a new relationship with politics. Therein lies the lesson to be learned from the disastrous defeat in the upper house election.

Reportage on Resignation of LDP's Kanemaru

Expected To Affect DPRK Talks

OW2908195592 Tokyo TOKYO SHIMBUN in Japanese 28 Aug 92 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] The resignation on 27 August of Kanemaru as vice president of the Liberal Democratic Party [LDP] is foreseen to have a major impact on the rapprochement currently underway between Japan and the DPRK (North Korea).

Kanemaru was a prime mover in coming up with the tripartite joint statement of the LDP, the Social Democratic Party of Japan, and the Workers' Party of Korea back in September of 1990. That statement subsequently opened the way for negotiations. But the talks—which began in January last year—have not made substantive progress because North Korea is suspected of developing nuclear arms.

North Korea, which wants to conclude the talks soon, has been planning to encourage the mood for rapprochement in Japan by allowing Japanese wives married to North Koreans to visit their homes in Japan, and by sending North Korean leaders to Japan in September to mark the second anniversary of the issuance of the tripartite joint statement. North Korea's plan was to make these gestures with Kanemaru as the main axis of support in Japan.

Kanemaru's resignation came in the midst of such a situation. This loss of a pillar for promoting talks, which comes on the heels of China establishing relations with South Korea, is a shock to North Korea.

Meanwhile, from the beginning the Japanese Government was cautious about negotiating with North Korea, and it can be said the government has been undertaking the talks out of consideration for Kanemaru. That being the case, it is likely the government's attitude regarding negotiations will become even more cautious.

But, if North Korea changes its policy on the nuclear arms issue and accepts the system of South and North Korea inspecting each other, that will mean the removal of the problem to negotiations. It is not totally unthinkable that North Korea will decide on a drastic shift in policy in order to minimize the impact from Kanemaru's resignation. It is necessary to watch what North Korea will do.

Editorial Cites Lack of Reform

OW3008054492 Tokyo YOMIURI SHIMBUN in Japanese 28 Aug 92 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Editorial: "Failure To Implement Reform Again Gives Rise to Scandals"]

[Text] This is just as expected. Again?—people must be struck with grief on hearing of the sudden resignation of Shin Kanemaru, vice chairman of the Liberal Democratic Party [LDP] in connection with the Sagawa Kyubin Co. [SKC] incident.

With rumors flying around and with politicians denying such rumors, the reality of money-stained politics has eventually come into the limelight. Even in this day and age, the same pattern has reemerged.

Moreoever, the current incident concerns the transfer of such a tremendous amount of money, as much as 500 million yen, to the LDP vice chairman and chairman of the largest political faction—the most influential leader at the core of political power. The impact of this is immense, including its influence on the political situation.

Because of this incident, some of the rumors concerning the flow of money from Tokyo SKC to the political world have been substantiated. We would like the investigating authorities to shed light on the real state of things.

There is a strong view among people in political circles that there are not many cases in which a series of scandals will develop into criminal cases, in light of the power of politicians, which is connected to their official capacity and duties. It is necessary to expose the actual situation through rigorous investigation, however, even including the use of the Political Funds Control Act.

Care must be taken not to bring confusion to the national government without any purpose because of this issue. With the sluggish economy and the turbulent changes in the international situation, Japan is now at a major turning point, both at home and abroad. Needed measures must be expeditiously and flexibly implemented with respect to such issues as the compilation of a large-scale supplementary budget.

It will not do to repeat the stupidity of engaging in such activities as bringing deliberations at the extraordinary Diet session to a standstill while haggling between the ruling and opposition parties over the issue of calling witnesses for questioning under the pretext of elucidating the truth, as has been done previously. What the Diet should promptly do is prevent the recurrence of such scandals, that is, take decisive action in carrying out political reform.

At his press conference, Mr. Kanemaru said that the transfer of the 500 million yen in question took place "at the time of the 1990 general election," carried out under "the understanding that this was intended for jinchu-mimai [visiting frontline troops to comfort and encourage them, meaning a secret supply of election funds] for his comrades."

Speaking of the 1990 general elections, the LDP carried out an election campaign that appealed for a firm resolution for realizing political reform, based on reflections from the Recruit scandal and under "the awareness of self-sacrifice" (as stipulated in the outline on political reform from May 1989.) Now it has come to this result. It can even be regarded that if the outline on political reform had been implemented in 1990, the current scandal would never have occurred.

Concerning the motive for the delivery of the money to Mr. Kanemaru, this is something that has to be left to future investigations. What is important is that there is the feeling in the political world that even the transfer of 500 million yen would not be considered abnormal if it was used as "jinchu-mimai to comrades."

It takes money to run in an election. Raising money is considered the demonstration of the real talent of the leader of a party faction; and the transfer of money which may be bribes is carried out as a matter of course. In the backdrop of the alliance between politics and interests and between party factions and money is the costly election system. Particularly in recent years, just observing the portion of such money that has been made public, there has been a marked increase in donations to party factions over that to political parties.

Therefore, it is necessary to carry out "radical political reform including that for the election system." To continue delaying reform for fear of pain accompanied by reform will lead to the recurrence of scandals.

The fact that Prime Minister Miyazawa, who should take the lead in promoting reform, is actually retreating in actual deed while verbally advocating "the concept of carrying out a radical reform in November" will spur political dereliction. Before showing concern for a weakening of his political power base due to the resignation of Mr. Kanemaru from the post of LDP vice chairman, the prime minister should all the more fulfil his mission of striving for political regeneration through decisive action in achieving political reform.

Editorial Underlines Ethics

OW2908003492 Tokyo MAINCHI SHIMBUN in Japanese 28 Aug 92 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Editorial: "We Sincerely Ask People To Know and Follow the Truth That Ethics Must Begin With the People Themsleves"]

[Text] Mr. Kanemaru, vice president of the Liberal Democratic Party [LDP], admitted in a press conference on 27 August that he had received a political donation of 500 million yen from Tokyo Sagawa Kyubin. He announced that he would resign from the position of chairman of the LDP Takeshita faction as well. The impression we received is that the issue of Tokyo Sagawa Kyubin made a direct hit on the nucleus of political circles.

Mr. Kanemaru and people around him had until now denied reports that he had received money from Tokyo Sagawa Kyubin. Even after Mr. Hiroyasu Watanabe, the former president of the company who is now being investigated on charges of committing an aggravated breach of trust, was reported to have stated that he had delivered 500 million yen, they laughed at the allegation, calling it "a comic book story."

This event may have something to do with the recent, busy moves by the Tokyo District Prosecutors Office Special Investigation Department now that Mr. Kanemaru has publicly admitted not only the fact of receiving money, but also that such an act constituted "a violation of ethics regarding political funds and politics." On 27 August, the Special Investigation Department began questioning staff members from the Governor Kaneko Election Campaign Committee on the suspicion that the Sagawa Kyubin group had made donations for a fund for secret use in the Niigata prefectural governor's election campaign. It can be imagined that Mr. Kanemaru had the acute feeling that the investigation was closing in on him.

Now eyes of suspicion are turned on a large number of Dietmen—including former prime ministers and opposition party members—in connection with other fund donations made by the Sagawa Kyubin group. First of all, we would like to ask all Diet members under suspicion to immediately examine their own affairs carefully and reveal the truth to the nation.

We remember at the time of the Recruit scandal that Prime Minister Miyazawa, who was then the finance minister, had to change his explanations over and again, and eventually had to resign as finance minister, after making a spectacle of himself. People have witnessed so many politicians passing the buck on to their subordinates, that from this has been born the vogue expression "my secretary did it, my secretary."

The reason why the politicians are being permitted to run away from their responsibilities is because the current Political Fund Control Act is a law with many loopholes. Compared with the laws of other advanced nations, the act is very obscure about rules on procuring or using political funds. Penalty provisions are so lukewarm as to be called absurd. Politicians can be unclear as to whether their revenues are political funds or personal income. That being the case, they can also dodge paying taxes.

Even at the time of the Recruit scandal the people raised loud voices calling for a revision of the law, and the LDP promised to revise it. But both the government and the Diet have delayed acting on a revision until now. In fact, even before the aftershock from the earlier scandal subsided, Mr. Kanemaru, the don of the LDP, did not hesitate in receiving a large amount of money in violation of the Political Fund Control Act. It is indeed doubtful if the government and the LDP were serious about actually revising the law.

Mr. Kanemaru in the press conference on 27 August had a statement read which said, "I sincerely hope that political reform will be carried out soon." But how hollow that statement sounded. Since the Lockeed scandal or since way before that, the party has continued to repeat a cycle: A scandal is exposed—apologies are made—a political reform is promised—a reform is drafted—essential parts of it are taken out—and then the whole thing is forgotten.

But this time, this time indeed, we, the people, must watch and follow up so that all the policies to clean up politics, including the one to fundamentally revise the Political Fund Control Act, are carried out.

There is no doubt that the resignation of Party Vice President Kanemaru will come as a shock to the Miyazawa government. The Miyazawa government has been able to control the LDP by having Mr. Kanemaru serve as LDP vice president, since that brought the party's largest faction, the Takeshita faction, to its side. The Miyazawa government can be said to have lost its power of influence within the party.

Then, come to think of it and looking back on the past, the Takeshita faction has always had something to do with political scandals in one way or another from days back. If someone insists the government cannot be run without the support of such a faction, then we must also admit that a political reform will indeed be difficult to hope for.

Prime Minister Miyazawa by nature is a man who believes in the truth that ethics start from politicians themselves. He is supposed to have said openly that "if not strict in regulating himself, he is not qualified to rule the country." We want him to fight, with all the might he has, for the implementation of political reform.

Editorial Blames 'Money Politics'

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[Editorial: "Stain on Politics Revealed Again"]

[Text] Shin Kanemaru, the chairman of the Takeshita faction, the largest faction of the Liberal Democratic Party [LDP], expressed his intention to resign from his post as vice president of the party after acknowledging that he received 500 million yen of "Sagawa Money" from Tokyo Sagawa Kyobin. This is another incident that leaves a stain on Japanese politics. The incident also brought to light the fact that the party, which has been tainted with money politics, has not all been reformed.

It stands to reason that the LDP strongman should resign. His moral and political responsibilities are grave as a result of his having accepted a huge sum of money from Hiroyasu Watanabe, a suspect in a criminal case involving alleged illegal loans and former president of a parcel delivery firm, Tokyo Sagawa Kyubin. Kanemaru's acceptance of the money is suspected to be a violation of the Political Fund Control Law.

Not only the members of the Takeshita faction but also those throughout the LDP who flattered Kanemaru as the most influential figure in the party should do some serious soul-searching.

Nagata-cho's Insane Common Sense

Kanemaru's remarks such as "I acknowledged the money as a gift to encourage our fellow members as it was a huge sum," or "I am still grateful to a friend of mine for his good will," is beyond our understanding.

There is a wide gap in common sense between politicians in Nagata-cho and ordinary citizens, which is evidenced in the very fact that Kanemaru made such remarks unconcernedly, revealing his sense in money matters and his sense of ethics.

Kanemaru's secretary told him about having received the 500 million yen. More than six months have passed since prosecutors started investigating the Sagawa case. What has Kanemaru's state of mind been like during this period? Was he going to pretend that he knew nothing of the receipt of the money if it did not come to light?

The investigation of the flow of Sagawa money into political circles does not involve Kanemaru's case alone. Under these circumstances, there should be a drastic operation to clarify all suspicions regarding the scandal, including determining whether Kanemaru should face criminal charges.

The Tokyo District Public Prosecutors Office is in the middle of questioning officials associated with Kiyoshi Kaneko, governor of Niigata Prefecture, over allegations that Tokyo Sagawa Kyubin offered Kaneko donations of 300 million yen during his campaign for the 1989 gubernatorial election.

Kanemaru must have been aware of the current development of the investigation when he decided to resign from his post.

An estimated 2.1 billion of political funds, including the 500 million that went to Kanemaru, were allegedly funneled by Tokyo Sagawa Kyubin to politicians in Nagata-cho.

Political circles are nervous about the latest developments in the investigation because the firm, called a "patron in the political world," was active behind the scenes.

Calls for political reform and purification emerge every time an incident revolving around "politics and money" erupts, as in the Lockheed and Recruit scandals. The LDP always calls for "political reform" in its political platform whenever an election is held.

There has been no tangible progress toward any reform, however. The nature of such scandals is getting more and more structural and systematic, and the amounts of money involved have become larger. We cannot but be astonished at the impudence of politicians who do not try to learn from past incidents.

Factional Politics is Hotbet of Scandal

The hotbed of such scandals derives from the "factional politics" of the LDP. The LDP scrapes up money under the pretext that it takes a "lot of money to campaign in elections." With that financial power at hand the LDP has repeatedly expanded the influence of factions within the party.

It is said in the first place that what it takes to be a leader of a political faction is the ability to "collect money." The Recruit scandal came out of a struggle where factional leaders in the LDP competed against each other to collect funds for becoming the next party president and thus prime minister.

The word "our fellow" that Kanemaru used in his press conference refers to the members of the Takeshita faction or those who are closely related to Takeshita. Kanemaru accepted the 500 million yen probably because he had been pressed with the necessity of collecting money to expand his faction.

Within the LDP there is an atmosphere that whoever mentions words like "clean politics" will be singled out and labeled as unrealistic. Unless the LDP tackles in earnest the task of improving its conventional method of politics, it is inevitable that a "second or third Kanemaru" will come into existence.

Something is strange about Prime Minister Miyazawa, who was quoted as saying he tried to persuade Kanemaru to stay in his post. It is truly a heavy blow to Miyazawa in a sense that he has made it though rough political waters by relying on the "large size" of the Takeshita faction, led by Kanemaru.

Many people are becoming more and more distrustful of the bankrolled LDP politics that were revealed by the Kanemaru's resignation announcement, however. Miyazawa should turn over a new leaf and take this opportunity to guide a complete reform of the present state of the political world as the supreme leader of Japanese politics.

Since its restoration of power in the last Upper House election, the LDP is procrastinating on political reform. But, the thorough uncovering of the Sagawa scandal and the establishment of political ethics are the greatest and most demanding assignment. The LDP is responsible for a conducting sweeping political reform.

52